

**JPRS 76118**

**28 July 1980**

# **Latin America Report**

**No. 2171**



**FOREIGN BROADCAST INFORMATION SERVICE**

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28 July 1980

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No. 2171

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INTER-AMERICAN AFFAIRS

ARGENTINE WEEKLY ASSESSES URUGUAYAN POLITICAL PROCESS

PY161752 Buenos Aires EL ECONOMISTA in Spanish 4 Jul 80 p 6, 7

[Excerpt] The development of the Uruguayan process evidences characteristics extremely interesting for an Argentine observer, especially so because the processes of the two countries have things in common. However the Uruguayans have reached a stage which is closer to the elections.

The current stage of the Uruguayan political process set an interesting landmark when at the beginning of May this year the government submitted the constitutional bases--that is the draft constitutional reform--to the Council of State. Once the final draft is ready it will be submitted to a plebiscite in November this year, 12 months before the general elections scheduled for 1981.

This draft includes several important issues: a) the virtual elimination of the party tickets or automatic vote-casting and the creation of a mechanism capable of guaranteeing a majority to the winning party; b) the independence of the judicial branch; c) the maintenance of a bicameral congressional system or the implementation of a unicameral system; d) the creation of a fourth branch in charge of solving the conflicts between the executive and legislative branches.

As we have said before, the creation of this fourth branch or a kind of a fourth branch, constitutes the core of an in-depth political debate because through this fourth branch the current regime will survive and exert its influence during the impending constitutional process.

In fact, this fourth branch will be appointed for the first time by the current Council of State and it will remain in effect during the coming administrative period.

This issue has elicited discussions in all sectors. Sofia Alvarez de Michelli cast the first stone by indicating that such a political mechanism is inconceivable. Mario Hubillos, former industries minister who is closely involved in the process underway in Uruguay, joined the critics and has gone as far as to say that the mechanism was an "inquisitorial" institution.

At this point, the politically-minded Radio Montecarlo of Montevideo requested the opinion of Jorge Battle, leader of the traditional Colorado Party, who, as is well-known, is among the politicians banned by the current regime. Battle said that the plebiscite required the institutionalized opinion of the political parties whose public activities are still prohibited and that he had held talks with the members of his party and with the leaders of the National or Blanco Party. He stated that both groups agree that the politicians will not motivate the citizenry toward a plebiscite for which they had not been consulted.

Jorge Battle's gamble was a severe political mistake, at least apparently so, unless the political leader has completely unknown elements of support.

A) First of all, political activities are currently suspended in Uruguay, although it is true that these activities have continued underground and with relative tolerance from the government. But, when Battle publicly said that they were indeed taking place and named the new leaderships of the parties, he forced the Interior Ministry to implement certain measures. This was not bad in itself but it aroused the displeasure of the politicians who believed that they should have been consulted on the subject. All the leaders named by Battle have been arrested for a few hours and released after a brief questioning. The punishments have not been severe but the politicians wondered who had designated Battle to speak on their behalf.

B) Battle presented the plebiscite as a test between the government and the parties when everything seems to indicate that the establishment will win this round and the plebiscite will give the government support from the majority. At this point the leaders of the political parties are probably also wondering whether Battle could have not implemented a more enlightened strategy.

After Battle's statement the Interior Ministry ordered several arrests, including the owner of Radio Montecarlo and the chief editor of the station's information service. Every one of them was released after less than 8 hours. Carlos Julio Pereira, former Wilson Ferreyra Aldunate's ticket companion, Pablo Rodriguez Labruna and Rocha Imaz were also arrested in a bar in downtown Montevideo. Public polemics were thus unleashed throughout all political circles.

Another item for discussion is the figure of Jorge Pacheco Areco, who is obviously considered as one of the possible presidential candidates for the Colorado Party. Pacheco Areco has still not recovered his political rights and there is no way of knowing whether this political ban will be lifted.

A journalist had asked the army commander-in-chief, Gen Luis Queirolo, whether the ban which applies to Pacheco will be lifted. General Queirolo merely said: "This is a problem which worries some people but does not worry Mr Pacheco Areco at all." When Pacheco Areco was unofficially questioned about this issue in Washington, he said something similar: "This is a problem which does not worry me. It worries them."



Radio Montecarlo came back into the spotlight by broadcasting the statement of Vasconcelos (who had been mentioned by Battle) who launched a harsh attack on the plebiscite terming in extortion. He said: "We will vote yes or yes; so what is the option?" Navy commander-in-chief Hugo Marquez gave an indirect answer to this when he said: "The people will vote yes or no. If they vote yes then the constitution will be reformed; if they vote no the current constitution and the current institutional acts will be maintained. In any case the armed forces will fulfill the timetable and there will be general elections in November 1981."

No one doubts that there will be general elections in Uruguay in November 1981. The doubts are about the manner in which these elections will be conducted and about the number of candidates.

We must not forget that the president of the nation (Aparicio Mendez) is member of the Blanco Party as are most of the civilian, and possibly military, members of his team.

At first glance the electoral situation could follow the following pattern: a) the government will win the 1980 plebiscite, but b) the Colorado Party is better prepared to win the 1981 elections because at that time it will not be the matter of voting yes or no but a clash between candidates and political machines.

The question is whether there will be one, two or three candidates for the presidency. Even numbers favor those in power, uneven numbers favor the opposition.

1. If there is a single candidate he will most certainly be a high-ranking military officer (the names of three generals are being bandied about). There is also some talk that Alberto Gallinal Heber, a leader of the Blanco Party, will be the single candidate. This single candidate would be the result of an understanding between the government and the two largest parties. Whether civilian or military, this candidate would be a supporter of the current system and probably a member of the Blanco Party.

2. If there will be two candidates, one for the Blanco and another for the Colorado Party (Jorge Pacheco Areco and Victor Rachetti are being mentioned as the candidates for the Colorado Party). In this case it seems logical that the Colorados will have the upper hand because this party has remained more aloof from the process (although both Rachetti and Pacheco have public jobs: Montevideo Mayor and Ambassador to the United States respectively).

3. Should there be three candidates the third will belong to the civic or democratic union (Vicente Chiarino?). Since the civic union is in the opposition, it would take votes away from the Colorado Party and would unwittingly strengthen the possibility of the Blanco Party (there is no way the civic union can win). This is why we have said that uneven numbers favor the officialists and the even numbers favor the opposition.

CSO: 3010

## INTER-AMERICAN AFFAIRS

### MEXICAN TRADE DELEGATION ARRIVES IN CUBA

#### Delegation Arrives

FL141327 Havana Domestic Service in Spanish 1100 GMT 14 Jul 80

[Text] A Mexican trade delegation has arrived in this capital with the objective of developing a work program to strengthen trade relations between Cuba and the Aztec nation. Hector Hernandez Cervantes, deputy secretary for foreign trade of Mexico; Raul Salinas Lozano, director of the Mexican Foreign Trade Institute; and Roberto Davila, director general of the Foreign Trade Secretariat are in the delegation.

The visitors will hold talks with representatives of several state organs and commercial enterprises. They will also visit centers of socioeconomic interest.

They were received by Amadeo Blanco Valdes-Faully, vice minister of foreign trade; Jose M. Diaz Mirabal, president of the Chamber of Commerce, and other Foreign Trade Ministry officials. Also at the Jose Marti International Airport were Mexico's ambassador to Cuba, Gonzalo Martinez, and trade attache Efren Calvo.

#### Cabrizas Meets With Delegation

FL151736 Havana Domestic Television Service in Spanish 1700 GMT 15 Jul 80

[Text] Cuba's Foreign Trade Minister Ricardo Cabrizas Ruiz has met in Havana with the members of an official delegation from the United Mexican States. Representing the brother country at the meeting were Hector Hernandez, undersecretary for foreign trade; Raul Salinas, director general of the Mexican Foreign Trade Institute, and Roberto Davila, director general of the Trade Secretariat. Cuba was represented by Hector Rodriguez Llompart, minister president of the Cuban State Committee for Economic Cooperation.

Trade and prospects for its increase were discussed at the meeting, which took place in warm atmosphere.

BRIEFS

**MEXICAN PRESIDENT IN CUBA**--A series of lectures and exhibitions has been initiated in Havana to mark Mexican President Jose Lopez Portillo's visit to Cuba. These activities will be held in the course of this month by the Cuban-Mexican Cultural Relations Society. The director of the Jose Marti National Library opened the activities with a lecture titled: Symbols of a Common Mexican-Cuban History in which he highlighted the friendly links that join the two peoples. (Text) [PA100335 Mexico City International Service in Spanish 0300 GMT 10 Jul 80]

**CUBAN-MEXICAN CULTURAL CONFERENCES**--A series of conferences sponsored by the Cuban-Mexican Association of Cultural Relations began last night at the Jose Marti Library in Havana in honor of the forthcoming visit to Cuba by that fraternal country's President Jose Lopez Portillo. Following brief opening remarks by Dr Jose Antonio Portuondo, Dr Julio Le Riverend gave a lecture titled "Symbols of a Common History--Cuba and Mexico." In his well-documented dissertation, the outstanding historian and writer stressed the constant and close ties uniting our two fraternal peoples for centuries. The second conference of this series of the Cuban-Mexican Association of Cultural Relations will be held next Friday and its title will be "Mexico in Cuban Literature" by Dr Salvador Bueno, professor of Havana University's School of Philology. (Text) [FL081254 Havana Domestic Service in Spanish 1115 GMT 8 Jul 80]

**CUBAN, GRENADAN, JAMAICAN SOLIDARITY**--The National Union of Cuban Writers and Artists [UNEAC] last night hosted a political event of solidarity with the peoples of Grenada and Jamaica. Nicolas Guillen, member of the PCC Central Committee and UNEAC president, said this ceremony, as plain as it is friendly, expresses a very simple truth: Cuba and its writers and artists support Grenada against the brutal enemy's attempts to hurt it in its entrails and support Jamaica. The activity to express rejection of the U.S. aggressive maneuvers against those two progressive peoples was attended by Richard Jacobs and Winston Davis, ambassadors of Grenada and Jamaica, respectively. The two diplomats denounced the aggressive acts their countries are enduring and expressed gratitude for the solidarity of the Cuban Government and people. (Text) [FL091231 Havana Domestic Service in Spanish 1109 GMT 9 Jul 80]

PRESS UPDATE ON OIL-RELATED DEVELOPMENTS

Oil Situation

Buenos Aires LA NACION in Spanish 22 May 80 p 12

[Text] In the weekly Buenos Aires Rotary Club luncheon held in the Plata Hotel, Dr Ricardo Gruneisen was the guest of honor. He spoke on "The World Petroleum Conflict and Its Possible Consequences." During the meeting, the president of the organization, Dr Ovidio Gimenez, discussed the forthcoming celebration of 25 May.

Dr Gruneisen Speaks

The oil industrialist began his presentation by summarizing the importance of that industry on a worldwide scale. He compared the production of hydrocarbons in the 1914-1918 period, amounting to "only a few million cubic meters a year," with last year's production, which amounted to over 3.4 billion cubic meters. He pointed out that of this figure "a third is consumed by the United States, that is to say, with only 5 percent of the world's population 33 percent of the total is consumed in that country."

In Argentina

Gruneisen added that, in our country, it can be estimated that consumption in 1980 will be around 30 million cubic meters, barring unforeseen circumstances, and that production can be estimated at 28.5 million. "That is to say," he said, "that there will be a shortage of only 1.5 million, or 4 percent of the total."

He then stated that countries with a large oil consumption do not, generally, have production of their own or have it in an insufficient amount, while the large producers, with very few exceptions, have no sizable domestic consumption. "For reasons too long to explain and that are due to a stubborn, covert intention to achieve world predominance, a serious state of turbulence has been stirred up in those regions of the world in which most of the known oil reserves are located." Then he specified the prevailing situation in Iran, South Yemen, Libya, Iraq, Algeria, Saudi Arabia, and so on.

## Excellent Position

"Argentina can exercise little influence on the whole situation of conflict in the world at present, whose driving force is the possession of oil. That oil," he said, "is expensive today, with prospects of constant increases. But we must take care of ourselves. Our energy position is excellent and our geographic position, far from disturbed spots, is also favorable. But the world is in serious difficulties and a real energy reorganization that, unfortunately, has not yet begun, is indispensable. That is to say," he stated in conclusion, "it is necessary to reduce consumption, develop substitutes, search for oil in other regions, especially in the sea, develop and invent new sources of energy for the purpose of breaking up the present very dangerous dependence."

## Argentina's Energy Future

Buenos Aires LA OPINION in Spanish 29 May 80 p 8

(Text) "A regular supply of oil as was determined by requirements and possibilities up to a short time ago will not be constant in the future owing to two interrelated factors: smaller supply and a constantly increasing price," the head of YPF (Government Oil Deposits) and president of the 15th regular assembly of ARPEL (Latin American State Petroleum Industry Mutual Aid), Engineer Carlos Benaglia, stated yesterday, when he officially opened the deliberations.

The event was attended by the secretary for Energy, Engineer Daniel Brunella, the secretary general of ARPEL, Dr Fernando Mendoza, the president of PETROBRAS (Brazilian Petroleum Corporation), Dr Shigeaki Veki, and delegates from the companies participating in the assembly.

Benaglia said that "no solutions are in sight, in the short term, that will modify the severity caused by the critical international oil situation that we are experiencing at present."

Finally, he urged the participants "to intensify studies for the purpose of potentiating ARPEL's action," with a view to strengthening by means of it whatever efforts the esteemed oil companies represented here believe advisable to make with regard to the development of joint programs of exploration, exploitation, transportation, marketing, research, that will put us in a situation of awaiting the international future in this matter with greater confidence and reliability on our forces for the benefit of all."

In turn, the secretary for Energy stated that the investment required to implement the country's energy plan, estimated at \$100 billion over a 20-year period, makes collaboration by the private sector necessary. "Private domestic and foreign companies," he added, "have already begun to operate by means of risk contracts for exploitation and secondary recovery that they have signed with YPF or for transportation signed with State Gas."



He stated that, in view of "the difficult dilemma of deferring these tasks for financial problems or of tackling them with the urgency required by our future," there has been no vacillation in adopting those courses of action.

Before the opening ceremony, a delegation from the 15th regular assembly of AIPEL was received by the president of the nation, LGEN Jorge Rafael Videla. At that time, the head of YPF stated that "the companies making up AIPEL have a historic commitment and an enormous responsibility in the face of the world energy situation. Therefore, we shall find the course that will lead us to adequate, definitive solutions, as a factor of union."

#### Petroleum Exploration

Buenos Aires CLARIN in Spanish 3 Jun 80 p 15

[Article by Guillermo Calisto]

[Text] In the middle of last month, a consortium consisting of an Argentine company -- ASTRAFOR -- and a Brazilian engineering company, began drilling exploratory wells -- stratigraphic -- in the state of Sao Paulo, Brazil.

This event emphasizes the technological and financial capability of Argentine drilling companies. But, at the same time, it makes an introspective look at paradoxical results necessary. In spite of the efforts of YPF, in spite of the 857 wells drilled in 1978, exceeding the program by 7 percent, in the following year there was a decrease down to 773 wells, 11 percent less than what had been planned, owing to the company's financial difficulties. The decline also showed up with regard to the drilling of exploratory wells. There was a decline to 84 wells in 1978 and to 71 last year from 143 wells in 1977. The fact is that financial problems prevented YPF from making more contracts with private companies that had to have part of their equipment shut down.

The financial difficulties of the state petroleum corporation are evident when its income is calculated. The withholding values -- what YPF actually received for each liter of product that it sells -- declined to 85 in 1979 from a base of 100 in 1960. It is obvious that there is no greater efficiency that can cover that gap. All the more so because it is a question of a phenomenon that is becoming acute. The sales values -- another parameter related to the previous one -- decreased 19 percent last year, in constant terms, in comparison with 1978. If this deterioration is not corrected, it will be difficult for YPF to fulfill the exploration plan, for example.

The drilling of 909 wells has been announced for 1980. In the first 4 months, 297 were drilled. This leads to the assumption that the goal would be met if the credit facilities granted by the Bank of the Nation are maintained. But this recourse has limitations, and the pace cannot



be maintained, if prices and withholdings are not corrected. And this is no matter to be postponed. Every well not drilled means a loss of some 4,300 cubic meters of oil a year, around \$1 million that would be diverted to importing.

### Oil in El Chaco

Buenos Aires LA NACION in Spanish 12 Jun 80 p 3

Resistencia--"Oil in El Chaco." This statement may seem fantastic to some, but the possibility of finding black gold in this province has been latent since 1884, when the chief engineer of the Fourth Topographic Commission of the Victorica Expedition to the province submitted a report on deposits found north of the Bermejo River.

In time, several possibilities were considered and the state enterprise sent technicians to perform verifications and studies that were analyzed very much in detail, until hopes were revived again, when it was announced that the Las Brenas area was included in the 14 areas opened for risk contract bidding. Bids will be received from September of this year until January 1981, approximately.

The importance of the topic makes it necessary to point out again the background of some signs that probably indicate the presence of oil in El Chaco. For this purpose, it is advisable to start with the Victorica Expedition.

#### Stutterheim Report

The report by Maximo Stutterheim, chief engineer of the Fourth Topographic Commission of the Victorica Expedition to El Chaco, stated, in 1884, that, "on examination of the field north of the Bermejo River, I found crowns of turf there in the form of a ring 0.5 meters to 2 meters in diameter, and there was no vegetation around them. From time to time, I saw quagmires that reflected the sun's rays in all the colors of the spectrum.

"There, the water showed a black liquid on the surface that left on one's hands a dirty, dark, oily fluid that gave off a penetrating odor of petroleum. Because I have made similar observations in Europe in petroleum deposits, I assume that the find at that point is a deposit of petroleum or tar. I found those phenomena over an area of 200 square meters in several places."

#### Other Background Data

The metropolitan newspapers shook up public opinion, on 11 July 1946, with a headline reading "Oil in the Bermejo River." The news item said that "3 leagues north of Espinillo, right within the bed of the Bermejo River, the existence of oil has been observed. At low water, small pits are observed in the riverbed giving off gaseous emanations."

One of the observations was that when a lighted match was brought near one of the pits, it caught fire rapidly.

Subsequently, a derrick was set up in the Charata area, in the southwestern part of the province, to locate the existence of hydrocarbons in the sub-soil of El Chaco. If hydrocarbons should be found, the scientific conclusions that regard the whole northern region as a vast oil basin, whose epicenter is probably Bolivia, would be verified by the facts.

The derrick -- 50 meters high -- was located 20 kilometers from Charata. Drilling was performed down to a depth of 1,500 meters.

Then, between 1951 and 1952, the American Drillexco Corporation performed drilling in the Las Brenas area. The chief of operations, Engineer William MacMahan, stated at that time that "the area was promising." They drilled down to 2,000 meters, but then abandoned the undertaking.

#### In Pampa del Infierno

In the last months of 1960, around 40 freight cars arrived at Pampa del Infierno, considerably farther north of Charata and Las Brenas, on the General Belgrano Railroad line, carrying equipment and personnel of Number 44 Seismographic Commission, headed by Engineer Hlib Puskar.

Paths were opened there for drilling, dynamiting and seismographic truck traffic. The studies were forwarded to Buenos Aires. Secrecy was maintained on their details, as is logical.

Later, in 1976, YPF technicians made studies in the territory of El Chaco, including seismographic analyses induced artificially. According to what leaked out, at that time, the importance of a wedge starting in Salta and extending to Corrientes Province, at the city of Goya was investigated.

The background data make it possible to surmise the certain possibility of finding oil in El Chaco Province. This circumstance would make it possible to change the area's economic structure radically by offering greater possibilities of guaranteeing sustained development.

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CBO: 3010

## ARGENTINA

### EDITORIAL FOCUSES ON AGRICULTURAL CRISIS

Buenos Aires CONVICION in Spanish 3 Jun 80 p 8

[Editorial: "The Farm Crisis"]

[Text] Over approximately the last 3 years, agricultural activity has been steadily lapsing into a serious crisis. The crisis has been worsened by the drought that began late last year and that was followed by unusually heavy flooding, just as it was latent and partly concealed during the previous periods of very good weather conditions.

We can see from the latest indicators how much our agriculture has deteriorated. The 1979/1980 season saw a drop of about 1 million hectares in the area under cultivation. The fine grain harvest showed a falloff of 5 percent, the coarse grain harvest almost 27 percent. As far as livestock is concerned, there has been a 16 percent drop in the number slaughtered. Overall, we should point out that for the first quarter of the year the GDP of the farm sector recorded a drop of 2.7 percent.

This critical situation has unquestionably not reached its culmination, because the lack or excess of water, as we said, is an aggravating or ameliorating factor, nothing more. The constant that underlies the problem is an economic policy that depresses production in general. There are, of course, other factors in this troublesome situation but none with the major impact of the real prices that producers receive, which bear no relation at all to the high costs of the inputs that are indispensable for production.

Under these conditions, we do not believe that producers will feel inclined to invest in order to obtain better yields from their lands. And if, as we fear, a good number of them, if not the majority, decide "to hibernate" and wait for "better times," it is our belief that the prospects that our country's economy will ever see those much promised and longed for "better times" will be seriously muddled.

## ARGENTINA

### MARITIME STRIKE ISSUES MAY GIVE RISE TO CHAOS

Buenos Aires LA NACION in Spanish 6 Jun 80 p 8

[Editorial: "The Maritime Strike"]

[Text] The expansion of our merchant marine has meant an increase in its capacity from 1.8 million tons in 1977 to 3.085 million tons last year, an increase that has prompted difficulties in getting together crews with Argentine personnel, especially in the lower categories.

The government tackled the problem, which was causing major losses because ships were unable to depart due to manpower shortages. It amended the ship personnel law and allowed non-resident aliens to serve on merchant marine and fishing vessels flying the Argentine flag. Parallel to this, it also stipulated that Argentines must constitute 75 percent of the crews.

The government measure was met by a 12-hour strike, beginning at midnight, on the part of maritime workers of all categories: office workers, managers, crews and shipyard workers. Their argument is that the country has enough manpower to meet the needs of our merchant marine.

The attitude of the maritime union is exceedingly strange, inasmuch as the National Navy will monitor the incoming aliens as to their qualifications and also keep tabs on hiring when a real personnel shortage is verified. In other words, the change in the law will not harm Argentine workers. In fact, efforts are under way in another area to benefit the domestic work force. In this connection, admissions to the Seamen's School will be expanded.

Thus, the decision to stage a work stoppage is especially incomprehensible inasmuch as government authorities gave all sorts of assurances to union leaders that "whenever foreign personnel are hired, it is really because there are no Argentine workers." Of course, the forceful tactic was ordered by the so-called "commissions of struggle" of the maritime unions, independently of the leaders of the sector's organizations, although the latter did not disavow the approach they took.

This is another element that further muddles the conflict. These leaders justify their failure to disavow the move by asserting that it was "a spontaneous reaction" by the workers. They acknowledge, however, that the approach taken by those whom they represent in some way justifies what the leaders are trying to do, even though as labor leaders they could not direct their actions towards a strike. In other words, the leaders are obviously trying to make it clear that they are not responsible for promoting a strike movement banned by the security law. But isn't the risk of sanctions under the law (which includes jail terms) the same for those who order direct action as for those who carry it out?

Even though, as we know, union activities are suspended, labor leaders have an inescapable obligation to assert their representivity. It is not honest, hence, for the leaders to resort for protection to the aforementioned justification and to let their affiliates jump into the vacuum and break the law.

The leaders must therefore, of course, take up their role and prevent the labor movement from getting out of control and turning into an arena suited to those who, like the agents of subversion, will not waste a single opportunity to sow the seeds of chaos.

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CSO: 3010

## ARGENTINA

### MONEY IN CIRCULATION DROPS SLIGHTLY

Buenos Aires LA NACION in Spanish 22 Jun 80 Sec 3 p 7

[Text] The amount of money in circulation dropped 1.6 percent, in other words, 198.466 billion pesos, during the second week of June. The reduction was due to the following net activity by sectors, in billions of pesos:

Sectors	Absorption	Expansion
External	80.618	--
Official	--	712.408
Banking	696.273	--
Miscellaneous	133.981	--

The bottom line on these weekly figures from the Central Bank shows as of 15 June a total of 12.38 trillion pesos, whereas a week before the figure was 12.579 trillion pesos.

Together, the banking, external and miscellaneous sectors soaked up a net 910.872 billion pesos, which was largely offset by the net expansion of the official sector, which alone hit 712.408 billion pesos.

#### Banking Sector

The banking sector accounted for 76.4 percent of the total net absorption of the aforementioned sectors. The sector's share is the result of a gross contraction of 924.842 billion pesos, offset partially by a gross expansion of 228.569 billion pesos, which yields a net result of 696.273 billion pesos.

The absorption was triggered by a 671.1 billion peso increase in sector "deposits," which accounted for 72.6 percent of the total. As we will recall, these deposits are made by the financial agencies of the Central Bank.

These deposits were accompanied by a 248.383 billion peso drop in the "rediscounts and advances" received by the agencies that were hit when savers withdrew their low-mobility deposits after the failure of the Banco de Intercambio Regional. This account represented 26.9 percent of the sector's absorption of money.



The "Monetary Regulation Account" also contributed, albeit to a lesser extent, to the banking sector's soak-up of money. This category showed a 5.109 billion peso fall in the second week of this month.

The 228.569 billion peso expansion that offset slightly the absorption by the sector was accounted for in its entirety by the rise in miscellaneous accounts.

#### Foreign Sector

This sector had a constricting effect, with a gross absorption of 107.824 billion pesos, offset by a gross expansion of 27.206 billion pesos, the result being a net absorption of 80.618 billion pesos.

The absorption was spearheaded by a 107.824 billion peso fall in the "gold and foreign exchange" account. For its part, the expansion was led by a cancellation of 21.971 billion pesos in foreign liabilities posted in the "payment agreements" category. The remainder of the expansion was accounted for by a 5.235 billion peso rise in "other foreign currency assets."

#### Official Sector

The public sector showed a gross expansion of 742.575 billion pesos, resulting from an increase of that amount in the "temporary advances" that the Central Bank granted to the nation's treasury. This was partially offset by a 30.167 billion peso expansion in sector "deposits." These operations resulted in a net expansion of 80.618 billion pesos.

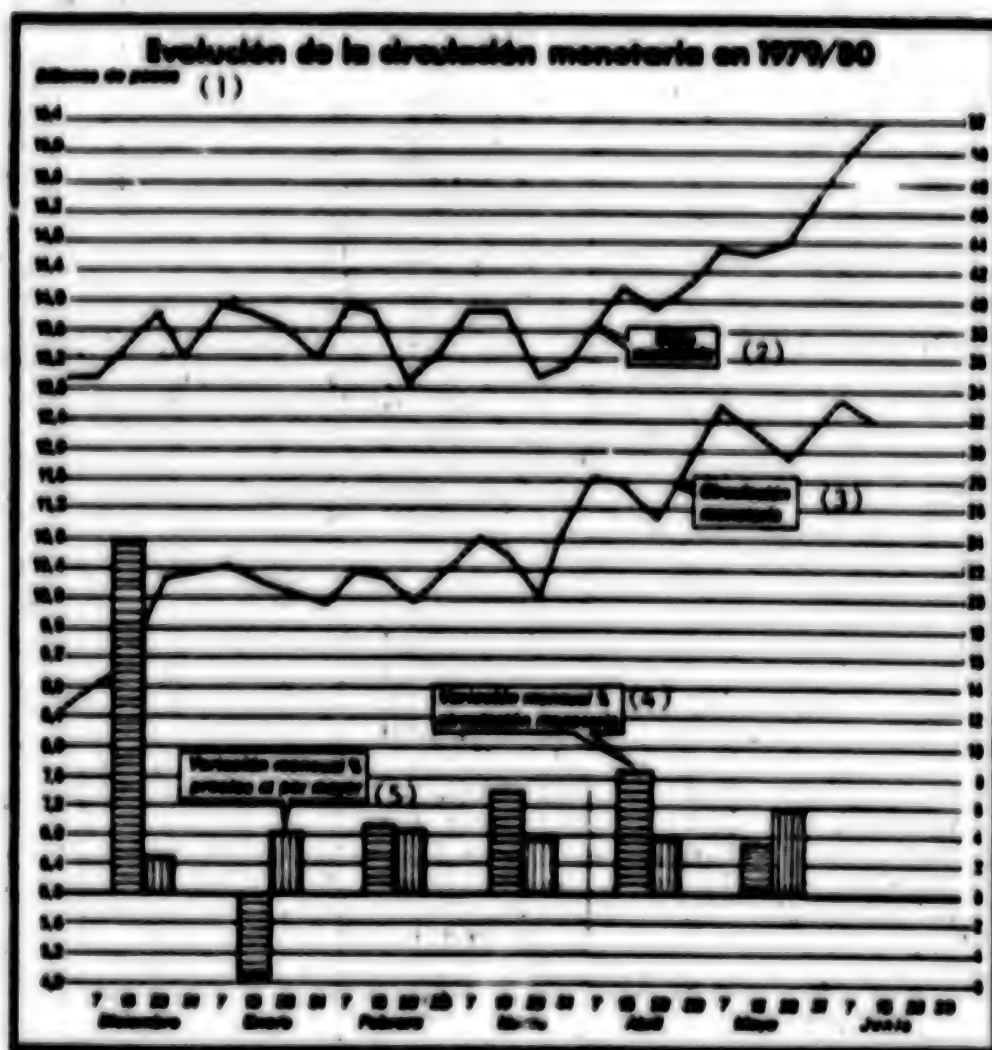
#### Money Supply

The money supply rose by 3 percent during the second week of the month, hitting 16.375 trillion pesos, as against 15.899 trillion pesos at the close of the first week in June.

#### Money Supply (in billions of pesos)

Categories	7 June 1980	15 June 1980	Change pesos	%
Deposits	3,320,289	3,994,700	674.411	20.3
Money in Circulation	12,578,997	12,380,531	-198.466	-1.6
Money Supply	15,899,286	16,375,231	475.945	3.0

Source: Weekly Central Bank Balance Sheet



**Key:**

1. Money Supply Developments in 1979/80
2. Money Supply
3. Money in Circulation
4. Monthly Changes in Money in Circulation (percent)
5. Monthly Changes in Wholesale Prices (percent)

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## ARGENTINA

### MARTINEZ DE HOZ' TRIP TO EUROPE ASSESSED

Buenos Aires CONVICCION in Spanish 10 Jun 80 p 14

[Article by Alberto Grillo]

[Text] The bottom line on Economy Minister Dr Jose Alfredo Martinez de Hoz' 20-day trip around the Old Continent was unquestionably political. We could speculate as to whether that was the objective sought by the minister or whether it was an outcome by omission, the omission of economic results. Given the minister's style, however, such speculation would make little sense. That Dr Martinez de Hoz meets with kings, presidents and prime ministers (as if he himself were a prime minister) is something that we are accustomed to and that no longer causes surprise. Neither is it surprising that the economy minister took up the issue of the Falkland Islands with the head of the Foreign Office or the question of human rights with Schmidt. This is the advantage of having a statesman recognized in all world forums as the head of our economic team.

Nevertheless, these were not the issues that prompted the minister to travel to Europe. On the contrary, all indications are that the causes were eminently economic. Of course the close ties between economics and politics blur the dividing line. Specifically, Dr Martinez de Hoz decided to take another trip at a time when the drop in reserves threatened to trigger a troublesome situation in one of the few sectors that the economic leadership could point to as "satisfactory." In just 50 days the Central Bank lost almost \$1.5 billion, 10 percent of total registered reserves as of 31 December 1979.

The economic leadership therefore formulated a two-pronged strategy to curb the flight of foreign exchange. On the one hand, on the internal front, adopt every monetary measure to encourage the renewed inflow of financial capital and to prevent the outflow of capital still in the country. On the other, Dr Martinez de Hoz' diplomatic mission, for the purpose of making new contacts in the world of finances, enhancing the country's external image and reestablishing the confidence of European bankers, which had been somewhat shaken by

the crisis on the local financial market. This was unquestionably the most urgent reason for the minister's trip. Otherwise, we cannot explain why the decision was made at a time when the domestic financial crisis was worsening and the internal support for the economic leadership was crumbling. It took only a few days for various pronouncements to be made public in this connection. In spite of the efforts of MIA (Argentine Industrial Movement) leaders to dampen the effects of the document that was released, they were unable to prevent observers from drawing the conclusion that they made it public while the minister was abroad in order to shy away from their customary support for his efforts.

Secondly, Francisco Manrique decided to break openly with the economic leadership. Thus, with the single exception of the radical parties that are part of the Popular Federalist Force, practically all political factions are lined up on the strangely united front that opposes the current economic policy.

#### For Want of Something Better...

For want of internal support, the minister left to seek out external support, which he unquestionably has. One of his accomplishments was to talk with a wide range of people, from King Juan Carlos of Spain and his prime minister, to his ideological companion Margaret Thatcher, Social Democrat Helmut Schmidt and Trilateralists Raymond Barre and Giscard D'Estaing.

The fact is that over and above ideological differences, all leaders of industrial Europe are interested in good relations with Argentina, which has become a major importer, in defiance of its own industry in most cases, and one of the world's financial centers, where bankers can enjoy spreads of up to 20 points in real terms and almost without risk.

Hence, we cannot be surprised by the warm welcome accorded the minister in Europe. It was not only because, as people noted, he belongs to the international "establishment" or because he is a conspicuous member of the Trilateral Commission. It was because he is the representative of a country that offers prospects for good business, even though most of it takes shape at the expense of the domestic production apparatus.

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CSO: 3010

## ARGENTINA

### MARTINEZ DE HOZ ANNOUNCES FUTURE AGRICULTURAL REFORMS

Buenos Aires LA NACION in Spanish 24 Jun 80 pp 1, 10

[Excerpts] "In the next few days we will be in a position to announce a number of measures that are going to represent a new balance in relative price levels, which will enable us to overcome our current difficulties in agricultural sectors," Economy Minister Dr Jose Alfredo Martinez de Hoz said last night at the Buenos Aires Grain Exchange. He was speaking at the dinner with which the exchange was celebrating the 126th anniversary of its founding.

The minister, who referred to the food-producing capabilities that Argentina has recovered and highlighted agriculture's significant contributions to the country's reconstruction, analyzed the growth of farm output, acknowledging the tight situation faced by a number of sectors because of a poor cost-price ratio, which would not be resolved, he said, by resorting to simplistic measures that do not constitute any real, in-depth solution. Towards the close of his speech he said that the private sector and the state would do their jobs so that the country again has a record harvest next year.

#### Grain Exchange President

Manny Lalor, the president of the Grain Exchange, stressed the impact of "the timely decontrol of grain markets and the elimination of supply holdbacks" on the record harvests over the last three farm seasons. He pointed out that these positive effects are achieved "when excess state involvement in business is reduced, which enables us to assert that as we continue to move forward in this area, we will better appreciate the importance of the exchanges and the markets as proper entities so that the marketing system can operate efficiently under the responsibility of the traders."

Later on he stated that "reaching 30 million tons once again is just about an indispensable requirement for consolidating the general economic situation and guaranteeing the stability of the significant gains that the country has already made."



## Persistent Inflation

"We are joining our voice," he then said, "to the public and private expressions of distress over the persistence of inflation," adding that "such persistence forces us to reassess not only the performance of the private sector but of public entities and the state as well," whose importance has risen to the point of making the private sector's profit margin insufficient to sustain them.

With regard to the recent floods, Mr Manny Lalor stated that "the response to adversity will be the same that has always characterized our farmers" and he made it known that the exchange would show its solidarity and aid those who were affected. In conclusion, he expressed "recognition and gratitude to those who made possible a return to security, did away with corruption and are governing honestly and patriotically."

## Dr Martinez de Hoz

Economy Minister Dr Jose A. Martinez de Hoz began by referring to the "trouble-ridden world" in which we live, characterized by contradictory situations such as overabundance and shortages and an unequal distribution of human, natural and financial resources. The energy crisis then burst on the scene and changed the patterns of development, which will never be the same as when energy was inexpensive.

He highlighted the role of the countries with intermediate development, among which he included Argentina, in a world in which a bipolar system is no longer possible. "Argentina," he said, "can today face this trouble-ridden world with the security of those who enjoy wisdom and power." He emphasized that our country has neither energy nor food problems. "We are nearing an energy capability and we again have a food-producing capability."

He then stressed the results of the policy pursued in accordance with the principles set forth in the program of 2 April 1976.

He underscored that the total dollar value of agricultural output has doubled over the last 4 years. In connection with grains, he explained that the annual average of the 3 best years in the 1950's was 16 million tons; this rose to 21 million during the next decade and jumped to 31 million for the 3 years following 1976 (this represents a doubling of the first quoted figure).

Average grain exports for the same periods were 6.9 and 18 million tons, or three times as much. The average annual growth rate for grain output and exports from the end of the 1950's to the close of the 1960's was a bit higher than 2 percent, whereas from the end of the 1960's to



the end of the 1970's it was 2.5 percent for output and more than 4 percent for exports. He also pointed to efficiency in wheat, flax, sorghum and soybean growing, which equals and even surpasses that of the United States, Canada and Australia.

He added that the use of herbicides and agricultural chemicals increased 100 percent in 1980 over 1979, noting that the cutback in tariffs was a decisive factor in this. The same trend has not been noted in the case of tractors, he conceded.

Later on the minister asserted that the gains that had been made enabled the economic team "to use its imagination and to cope with each situation by adopting measures other than the ones that have customarily been applied and that brought us failure and frustration."

He then mentioned the recent record harvests and commented that the latest floods would bring output down to 25 million tons. He stressed, however, that in the past "the drop was markedly steep" when conditions were similarly unfavorable.

#### Area Under Cultivation

In the last part of his address Martínez de Hoz disclosed that the area under cultivation in the upcoming season would be 10 percent larger than in the previous one, and he concluded with these words: "Gentlemen, this is agriculture's challenge. The government will do its share, and the private sector will do its share so that next year we again have a record harvest."

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COMMUNIST PARTY ISSUES ECONOMIC PROPOSAL

PY041938 Buenos Aires Noticias Argentinas in Spanish 1227 GMT 4 Jul 80

[Excerpt] Buenos Aires, 4 Jul (NA)--The Argentine Communist Party has reported that during the current government the workers have been deprived of \$50 billion in lieu of salaries and proposed "a basic economic plan which would be discussed by all the political and social sectors of the country and implemented as a national plan."

Among other items this plan proposes: "A substantial emergency hike of salaries, and pensions, measures designed to protect industries, the agriculture of La Pampa and regional industrial crops, an emergency policy designed to save the economy of flooded areas, protecting the agriculture, the industry and the job sources," and "to put an end to the lack of control in public finances."

The proposal is signed by Rodolfo Ghioldi, Rubens Iscaro, Pedro Tadioli, Jorge Pereyra, Irene Rodriguez, Fernando Nadra and Oscar Arevalo. They state that "if Martinez de Hoz' economic plan continues to be implemented it is bound to lead the country to total disaster." They add that "the productive framework both industrial and agricultural has been undermined in such a way that it could be destroyed beyond repair."

The proposal emphasizes that "only one field of the country's economy has been saved from the consequences of an overall crisis, that is the trade with the Soviet Union and the socialist countries."

After carefully examining the situation, the proposal indicates that "Martinez de Hoz' economic policy supported by the military junta, is a trilateral plan concocted by the great businessmen and owners of large estates and is responsible for the crisis."

CSO: 3010

BOLIVIA

**TROOPS REOPEN BLOCKED YACUIBA-SANTA CRUZ RAILWAY**

FY111621 La Paz Radio Panamericana Network in Spanish 1130 GMT 11 Jul 80

[Text] Troops have opened the Yacuiba-Santa Cruz railway, which had been blocked by peasants and farmers of Gran Chaco Province. This has been reported by our correspondent in that border town. Let us listen to the report from Yacuiba:

[Begin recording] Thank you, Mr Newsman, for the opportunity you are giving me to use the Radio Panamericana microphone to report to the public at home and abroad on the abuse and outrage committed by troops of the 3d Cavalry Regiment at the town of La Granja.

During a publicly announced general meeting, the strike committee of the Single Labor Union Federation of Gran Chaco Rural Workers and the Association of Gran Chaco Farmers reported to political and military authorities, the Permanent Human Rights Assembly and all the people of Bolivia that army forces, stating that they were acting on orders, forced open the Yacuiba-Santa Cruz railway, which was blocked in an orderly manner by the labor organization. The strike committee of the peasants of the province protest this arrogant action which makes them feel pessimistic regarding the future of democracy in this country.

In conclusion the peasant class announces that in the future it will not tolerate this kind of abuse from any institution. At the meeting the peasants [words indistinct] in view of the outrage committed by the troops of the 3d Cavalry Regiment. It has further been decided to grant [words indistinct] some additional time to find a solution to the problem which has emerged. [end recording]

CSO: 3010

## BOLIVIA

### FIRST SECRETARY OF CPB INTERVIEWED IN HUNGARY

Budapest NEPSZABADSAG in Hungarian 8 Jun 80 p 2

[Article by Tibor Eszes: "To Strengthen the Process of Democratization: A Conversation With the First Secretary of the Bolivian Communist Party"]

[Text] At the invitation of the MSZMP Central Committee, Jorge Kalle Cueto, the First Secretary of the Bolivian Communist Party, was recently at Budapest. During the visit, Comrade Kalle received the staffer from NEPSZABADSAG and replied to his questions.

[Question] What characterizes Bolivia's economic and political situation at the present time? Are there any new events in the public sphere?

[Answer] Bolivia's economy has been undergoing a grave crisis in recent years. The country's foreign debt grew to vast proportions--it increased about six-fold in seven years. The payments and interest due amount to one-third of the gross exports of the country. The state sector is very significant in Bolivia, but the dictatorship uses it to its own purposes. In order to obtain the support of certain social groups--primarily that of the bourgeoisie--the operation of state enterprises, industrial and agricultural companies, and foreign trade organizations have been directed in such a way that they have become, almost without exception, crisis-ridden and operate with large deficits. The workers' wages have been essentially frozen while the cost of living increased rapidly. The real value of the wages is lower than it was before 1970.

The basic items, such as sugar and flour, doubled in price while fuel prices went up 60-100 percent and transportation costs became 100 percent higher. Naturally, this situation causes tension and increases internal uncertainty. The most important new phenomenon in the social sphere is that, in spite of the situation as described above, the trade unions stopped their economic demands for the time being. The miners and factory and construction workers do not press for higher wages at the present time. They understand that this is now one of the important conditions in strengthening the country's

stability. The undertaking of this sacrifice is aimed at supporting the transitional period from dictatorship to democracy. The Bolivian workers and various trade unions consciously hold back, while they publicize that the defense of democracy can not be continued by the sacrifice of the interests of the working classes.

[Question] The news coming from La Paz notes the increased polarization of the country's political forces. In your view, what are the power relations at the eve of the national elections that are scheduled to take place on 29 June?

[Answer] The social bases of the previous military dictatorship are essentially unchanged. The economic interest of the commercial bourgeoisie (maintaining close contacts with the foreign interests), the capitalist layers connected to mining, and the agricultural-industrial bourgeois groups continue to be the same. These groups are augmented by certain military groups: high-ranking officers and commanders who participated, in some way, in Banzer's regime and still occupy high positions. All of these are very important elements of the destabilization. Bolivia is in a complex situation but we think we can come to grips with it and can influence Bolivia towards a positive direction. The demand for democratization keeps increasing in the country.

The leader of every political party--with the exception of the Fascist Falange Party and a Trotskyite group--participates in the Committee to Defend Democratic Rights. Alongside the influential parties and political movements, the committee also has official personages from the Catholic and Evangelical churches. The cohesion of these organized forces points toward a rational opportunity to strengthen the nascent democratization process and can defeat the experiments aiming at destabilization. One more thing: even within the Armed Forces, not every soldier fell in with the instigators of the coup d'etat. The Army has layers that increasingly identify themselves with the people and want to liberate their country from the American tutelage. Last week showed an increase in terrorist activities in Bolivia. Several assassinations were attempted in the capital. Bombs exploded. While the extreme rightist reactionaries make ever-stronger attempts to regain power, the people maintain a steadfast struggle in the interest of the peaceful transition from dictatorship to democracy. Parliament decided that the elections will take place at the end of this month. We do not yet know whether a third election or a fourth coup d'etat will occur.

[Question] What are the election groupings and, within, what is the situation of the leftist front?

[Answer] The primary goal of the CPB is to strengthen the unity front of the people's democracy as a possible alternative to govern. This front includes the most important political and ideological powers which influence significant layers and classes of the society. The unity of the progressive forces varies, just as does that of other election groupings. But we



believe that we are members of the front that will win the election, even if not to the extent of "50 percent plus one vote." We have been negotiating with various parties for a long time so that we can come to an agreement in the second round of the elections when the members of the Parliament elect the president. If it is necessary, we are ready to compromise in certain areas if these compromises do not affect our program.

[Question] How do the progressive forces view Washington's role in the country's present situation?

[Answer] In effect, all of our troubles come from the North--as everyone knows. What is new is the "North American friend's basic stand on democracy," as it is called by many people. What happens is that the various dictatorial forms lost respect and meet an ever-increasing resistance from the people. This is as true of Bolivia as it is of the other countries in Latin America. In the defense of its interests, imperialism seeks other alternatives, such as an "election solution." In the case of our country. In this sense, the United States is a very active factor. All of this can, at the same time, place the possibility of a real revolutionary and democratic transformation into question.

[Question] How do you regard the contacts between the MSZMP and the CPB?

[Answer] I answer this question with pleasure: the contacts between our parties are more than cordial and friendly. They are characterized by solidarity and mutual respect. We are proud of the fact that the Hungarian party was among the first with whom we established contacts. This is useful for our party and also to the struggle of our people.

I would like to emphasize something else: we had very useful conversations with Comrade Kadar. We again realized that we see the problems of international and Latin-American worker's movement in the same light.

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CSO: 2500

## BRIEFS

ULTRALEFTIST TERRORISTS ARRESTED--La Paz, 10 Jul (LATIN)--Three alleged ultraleftist militants tonight were placed in the hands of a Bolivian court by the government on charges of having perpetrated terrorist attacks in this capital. Through its regular spokesmen, the Interior Ministry tonight issued a communique reporting that Luis Emeterio Villalba, Clemente Acarapi and Eduardo Yanez, all of them students, were placed at the disposal of a court on charges of having perpetrated the terrorist attacks that took place early on 30 June in this capital. According to the official document, the state security organizations discovered that Villalba and Yanez are members of the ultraleftist Bolivian Workers Revolutionary Party (PRTB) and that both had undergone specialized training in "sabotage and terrorism" with PRTB instructors. The PRTB is a group that originated from the clandestine National Left Liberation Alliance (ALIN), which had been founded by the Argentine-Cuban revolutionary Ernesto Che Guevara, who died fighting in 1967 in the Nancahuazu Mountains--located south of here--while attempting to set up a guerrilla enclave. [Text] [PY110235 Buenos Aires LATIN in Spanish 0116 GMT 11 Jul 80]

CSO: 3010

## **BRAZIL**

### **FACTORS OPPOSING CONTINUED PRESTES LEADERSHIP NOTED**

Buenos Aires CONVICCION in Spanish 22 Jun 80 p 5

[Article by Rodolfo Colangelo: "Luis Carlos Prestes Ponders the Reasons for His Political Downfall"]

[Text] PCB [Brazilian Communist Party] Secretary General Luis Carlos Prestes is living again in his apartment on Gorki Street in Moscow. The "heroic" era of his famous "column" has passed into history and he is in a tenacious struggle against efforts by those in control of his party to send him into political oblivion and bring about changes which resemble "Eurocommunism."

"I will be in Moscow for only a short time," Prestes says, "since I will return to the struggle." However, there are a few indications that he will remain in the USSR longer than planned.

It is necessary to underscore the fact that the Kremlin kept a prudent distance from the internal PCB struggles and did not say a word when Prestes was replaced as secretary general by Giocondo Dias. What does he seek in Moscow then? Most certainly he is trying to regain lost ground by demanding a reply for their silence which ignored his many years of orthodoxy and did not reflect favorably on him.

The international communist movement is marked by profound differences with respect to Soviet hegemony and the PCB crisis is not unaffected by this situation. On the other hand, Moscow does not wish to antagonize the new leaders in countries where communist parties are not in power, especially if relations with their governments are good.

In the case of Brazil, efforts seem to be aimed at separating, or silencing, the differences among PCB leaders from the relations the USSR has established with the Figueiredo government. These relations were strengthened by the acceptance by the President of Brazil of Brezhnev's invitation to visit Moscow. In addition, Brazil did not adhere to the U.S. grain embargo and boycott of the Olympics. And these factors are working against Prestes.

## Faced With the Debate

But what most works against the old leader are his many years in exile and an internal debate that is tearing the PCB apart: "What position should be taken with respect to the 'liberalization' process? Do relations prove the strength or weakness of the military regime?" Prestes believes the latter to be true and he maintains a "hard and inflexible" line against the government.

On the other hand the majority of the central committee believes that the former secretary general is being "dogmatic" in not understanding the difficulties faced by the communists at this time. The central committee maintains that the PCB should join a "broad democratic front" and let ideological positions play a secondary role. It even accepts the rules spelled out by the government for finding a quick way to legalize the party.

Prestes is convinced that these positions fall within the "move towards the right," a "cancer" which has been devouring the party since he was forced into exile. He prefers the formation of a front with the leftist factions with defined ideological options because the serious economic and social situation will quickly radicalize the political debate. And to the horror of the "liberals" within his party, he reintroduces the theory of armed struggle as the road to power.

However, his "hardline" has not had positive results in the discussion he encouraged among the PCB rank and file. The long years of military government, his exile in Moscow and the slow awakening of the Brazilian people following a long period of political apathy have eclipsed his name. Today, for many, especially for the young people entering politics, Prestes is an 82-year-old man who lived for some years in Moscow. Some, very few, will remember that "Column" that marched through the jungle during the era of the "old republic" that was later destroyed by the Vargas regime. From Sao Paulo "Lula" tries to channel the workers into a type of unionism called the Workers Party and, in general, all Brazilian politicians tremble at the thought that the slightest inconvenience could halt the move towards a democratic opening. It is as if Prestes, with his old slogans, was something of a nuisance in Brazil. Only his comrades in exile in Moscow, with so many years behind them, support him unconditionally.

His return to the USSR is a defeat which he will attempt to offset by making his presence felt in the halls of the Kremlin. It is known that he will discuss international matters at a level comparable to that afforded to other important communist party members. But that will not be sufficient for him to regain his post in Brazil. Perhaps his apartment on Gorki Street will become his permanent residence.

**PRESS UPDATE ON OIL PRODUCTION, CONSUMPTION, SUPPLIERS**

**Production Goal Unattainable**

**Rio De Janeiro JORNAL DO BRASIL in Portuguese 16 Jun 80 p 16**

**[Article by Graca Monteiro: "Goal of Cesar Cals for Petroleum Cannot Be Achieved"; all figures in this and related items are as published]**

**[Text] Mines and Energy Minister Cesar Cals is promising that Brazil will produce 500,000 barrels of petroleum a day by 1985 (currently it consumes 1 million barrels a day). This is an estimate devoid of any basis. Under no circumstances will Brazil produce that much in 1985.**

**The current president of PETROBRAS [Brazilian Petroleum Corporation], Mr Shigeaki Ueki, has announced a more realistic goal--370,000 barrels a day in 1985 (although, when he was minister of mines and energy, he also promised 500,000 barrels a day). The 370,000 barrels now predicted by Ueki are more plausible. But, at that, it is an optimistic estimate. Even taking into account production from the Campos Basin between now and 1985.**

**The projection for Campos Basin production in 1985 happens to be 250,000 barrels a day, but it is well to recall that even though this basin has a reserve of 592,394 barrels, the first field (Garoupa) was discovered in 1974 and it was predicted that this field would have expedited production in 1977 of 45,000 barrels a day. Today the whole Campos Basin produces only 38,000 barrels a day, with three expedited production systems. Another precaution to be observed is that domestic reserves are now 1.3 billion barrels and production is only 212,000 barrels a day. Hence, the proportion between reserves and production cannot be extrapolated in the case of the Campos Basin, as some PETROBRAS geologists are assuming.**

**Optimism**

**PETROBRAS will have to increase its petroleum production by 135 percent to reach the 1985 goal of 500,000 barrels a day. Taking into consideration that production is now 212,000 barrels a day and, according to the company's president Shigeaki Ueki, the areas already discovered will produce at least**



370,00 barrels daily in 1985, this means that PETROBRAS will increase its production by 57.3 percent. The other 130,000 barrels have yet to be discovered.

This assertion of Mr Ueki's however, is quite optimistic, because for the company to achieve an increase of 57.3 percent in 5 years it would have to increase production at least 10 percent annually. During the last 10 years, the largest increase obtained in petroleum production was 5 percent, when in 1974 an average of 182,058 barrels a day was produced, compared to an average of 174,088 produced in 1973. Beyond this, if average daily production 5 years ago is examined, it is concluded that in 1975 there were 177,244 barrels produced daily, where as in 1979 the daily average was only 171,082 barrels.

Nevertheless, Mr Ueki's optimism is less than that of Minister Cals, who for 1 year has been claiming that PETROBRAS will be producing 500,000 barrels daily in 1985. But the mines and energy minister does not add the precaution that, to do this, the company will have to discover the equivalent of 130,000 barrels a day of oil. Furthermore, these discoveries will have to be made before the end of next year, since there is about a 4-year lag from the time a well is discovered until the field begins to produce. Unless the method of expedited production is adopted, which, for technical reasons, cannot produce at the field's maximum capability.

#### Realism

It is on these exaggeratedly optimistic estimates by the mines and energy that the 3rd National Development Plan is based, which, although it is only a plan, can be considered, so far as petroleum production is concerned, not really a goal but rather a hope that has no basis in reality whatever. To arrive at this conclusion, it is only necessary to observe the trend of petroleum production during the last 10 years.

During this period, Brazilian petroleum production had the following performance: in 1970, there was a daily average of 166,906 barrels produced; in 1971, 174,292 barrels; in 1972, 170,995 barrels; in 1973, 174,088 barrels; in 1974, 182,058 barrels; in 1975, 177,244 barrels; 1976: 171,945 barrels; 1977: 166,410 barrels; 1978: 166,071 barrels; and in 1979, 171,082 barrels.

"As a matter of fact," he said, in referring to the minister's predictions, "domestic petroleum production can only be predicted based upon the fields already discovered, and even these predictions are subject to revision. On this basis, the prediction for 1985 is 370,000 barrels daily."

These figures, published by PETROBRAS itself, show that annual production increases (when production does not decline from the previous year) are never more than 5 percent. To attain the mines and energy minister's goal (500,000 barrels daily in 1985), an annual increase of 26 percent will be

needed during the next 5 years. PETROBRAS President Shigeaki Ueki told the War College students last Wednesday that "it is important to understand the true significance of such a figure"--500,000 barrels.

As president of PETROBRAS, Mr Ueki is trying to be more realistic. When he was mines and energy minister, until 15 March 1979, he several times predicted a daily production of 500,000 barrels by 1985. Mr Shigeaki Ueki is still somewhat optimistic. To achieve his prediction of 370,000 barrels a day, production will have to grow over 10 percent annually, to have an increase by 1985 of 57.3 percent over the current production of 212,000 barrels daily.

What are the current prospects for new discoveries? Of the 37 wells that are being drilled on the continental shelf, at least 3 show prospects of petroleum occurrence. One of them is Maranhao 12, where good indications of oil have been found, even before the main interval. Another is the Sao Paulo 18, being drilled by Pecten (Shell group) under a risk contract, which gave good indications. Due to mechanical problems, however, the company had to stop drilling and divert the well. The third is in Rio de Janeiro State, well number 1.RJS-18, where a petroleum zone was found but is being redrilled, also because of mechanical problems. Onshore, PETROBRAS hopes that the Lagoa Parda IV well will confirm existence of a field discovered through Lagoa Parda III, which produced 1,150 barrels a day in its initial tests.

However, in Mr Ueki's opinion, the greatest hopes of discovering additional amounts of petroleum continue to lie in the Campos Basin. He predicts the following performance for Campos Basin production: this year, 55,000 barrels a day (it now produces 38,000); in 1981, 90,000 barrels a day; in 1982, 110,000 barrels a day; in 1983, 140,000 barrels a day; 1984, 200,000 barrels a day; and 1985, 250,000 barrels a day. The PETROBRAS president cautions, however, that the expectation is to discover small and medium-sized fields, but hardly large accumulations. If the latter occur, he said at the War College, they will be at the mouth of the Amazon, where the largest favorable structures yet found by seismic studies are located, or in the Santos Basin, also due to its structure.

For this year, PETROBRAS geologists have already released 166 new drilling sites, of which 82 are offshore and 84 are onshore. Of these, 22 wells are for producing natural gas. The sites on the continental shelf are distributed as follows: Ceara, 12 wells; Rio Grande do Norte, 6 wells; Paraiba/Pernambuco, 1 well; Sergipe/Alagoas, 6 wells; Bahia, 7 wells; Espirito Santo, 6 wells; Campos Basin, 30; and Santos/Santa Catarina, 3 wells.

Those onshore are in Acre/Upper Amazonas, 5 wells; Middle/Lower Amazonas, 1 well; Maranhao, 3 wells; Sergipe, 3 wells; Alagoas, 7 wells; Bahia, 9 wells; Espirito Santo/Southern Bahia, 14 wells; and Rio Grande do Norte, 20 wells. Besides these, there are 20 gas wells in Alagoas and 12 in Bahia.

## Production Goal Termed 'Conjecture'

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Jun 80 p 35

(Text) Rio de Janeiro--The domestic petroleum production goal of 500,000 barrels a day in 1985 proclaimed by Mines and Energy Minister Cesar Cals was termed merely a "conjecture" by PETROBRAS President Shigeaki Ueki during a talk to the War College student body yesterday.

Ueki made a point of stressing that "production from fields already discovered will reach 370,000 barrels daily in 1985." In order to reach the goal considered reasonable by Cals, "it will be necessary to discover an appreciable volume of recoverable petroleum in new deposits in order to assure an additional production of about 130,000 barrels daily." He also mentioned that, "due to the time lag between discovery and the beginning of production, this additional amount of petroleum would have to be found during the early years of the period."

The PETROBRAS president also disputed the assertion by Cals that Brazil has gigantic oil fields at the mouth of the Amazon. According to him, "although Brazil's geological picture is not completely defined, it is considered improbable, but not impossible, that large accumulations will be found."

### Most Promising

Regarding prospects for new discoveries, Ueki mentioned the Campos Basin as still the most promising area thus far. "Significant deposits" could be discovered there in two locations: in deep water, where the Corvina field and a second not yet given a name have been found and delimited, and in the so-called "deformed pool structure" rocks where, according to Ueki, there "are large structures even capable of sheltering large fields."

In reference to the nation's principal sedimentary basins capable of holding new deposits, Ueki mentioned, first, the onshore basins of the Bahian Recôncavo, Sergipe-Alagoas and Espirito Santo, where "small oil fields are likely to be discovered, particularly in Espirito Santo and Sergipe." In the Maranhao, Amazonas and Parana basins, with a total area of 3 million square kilometers, the PETROBRAS president contends that seismographic techniques used there will result in "their beginning in 1985 to contribute to national oil production."

In regard to the continental shelf, Ueki said that "eventual discovery of petroleum fields at great depths in the northwestern part of the basin" at the mouth of the Amazon can be predicted. Small deposits may also be found on the Para and Maranhao coasts, as well as the Ceara and Rio Grande do Norte continental shelves. PETROBRAS also hopes to discover new deposits in large structures on the Sergipe and Alagoas coasts. The company hopes to discover small oil fields on the Bahia coast.

In the Campos Basin, besides the good prospects for the two new areas (in deep water and the "deformed pool structure"), geologists will persist in the already-producing areas where petroleum was discovered recently in Rio de Janeiro Submarine Well No. 110. It is also hoped to find large oil fields in the Santos and Pelotas basins, which are being explored by foreign companies through risk contracts.

#### More Petroleum

For this year, according to the PETROBRAS president, domestic production will be increased before the end of the year by 26,000 barrels a day, resulting from installing several expedited systems in the Campos Basin.

After this year, the major contribution to domestic production will come from the Campos Basin: from the expected average of 55,000 barrels a day in December, production in this area will increase to 250,000 barrels in 1985. It will thus offset the decrease from onshore fields: from an average of 116,500 barrels a day this year to only 60,100 barrels in 1985.

#### Rationing Plans Already Mapped

Rio de Janeiro JORNAL DO BRASIL in Portuguese 20 Jun 80 p 22

[Text] Brasilia--Gen Oziel Almeida Costa, chairman of the CNP (National Petroleum Council), yesterday told the Congressional Investigating Committee [CPI] of the Chamber of Deputies which is investigating PETROBRAS activities that the National Security Council [CSN] is preparing plans for rationing petroleum derivatives to be applied in case of emergency.

In view of this disclosure, Deputy Freitas Diniz (PT [Workers Party]-MA [Maranhao]) proposed to the CPI chairman, Deputy Francisco Benjamin (PDS [Social Democratic Party]-BA [Bahia]), that the chief of the military household of the presidency of the republic and secretary general of the CSN, Gen Danilo Venturini, be summoned through the Speaker of the Chamber to explain to the deputies what these plans are and under what circumstances they are expected to be applied.

According to Gen Oziel Almeida, normally preparation of rationing plans would be the responsibility of the CNP, but "the CSN took over this task." The CNP chairman said that, personally, he is opposed to rationing, "because in a country of continental size such as Brazil it would create more problems than it would solve," but admitted that his agency has a list of measures that could be taken in case of rationing, including restricting use of vehicles with odd or even license-plate numbers to alternate days. He added that the CNP is assisting the CSN in preparing the plans by sending it the data requested.

#### Station Hours

The National Petroleum Council chairman told the deputies that he is submitting to Mines and Energy Minister Cesar Cals today, so the latter can



discuss the idea with the CNE (National Energy Commission), a suggestion for changing the business hours of retail petroleum-derivative stations. At present they are open from 0600 to 2100 hours, Monday through Friday, and the proposal is to reduce the schedule to 0700 hours to 1900 hours.

As for closing the stations on Saturdays, which he says was a decision of the CNE, General Oziel expressed himself in favor of retaining the measure, mainly because of the "psychological factor" it employs. "When a Brazilian passes by a gasoline station on the weekend and sees it closed, he is always reminded that we are in a petroleum crisis."

The CNP chairman informed the deputies that the Planning Secretariat of the Presidency now not only gives final approval to prices of petroleum derivatives but also provides the initial directives and even sets prices of some products a priori, even before preparation of the price structures.

General Oziel said that the price increase for derivatives which is to take effect in a few days will not eliminate the existing deficit in the "petroleum account" between his council and the Bank of Brazil, "which is now over 100 billion cruzeiros." He explained that the problem is that by the time the price increase goes into effect it is already lagging behind the current exchange rate and CIF price of imported petroleum. "Prices now prevailing, for example, are based upon an exchange rate of 42 cruzeiros to the dollar, whereas we know that the dollar already exchanges for 52 cruzeiros," he asserted.

#### Production

Asked about the prospects for increasing petroleum production in coming years, which, according to Mines and Energy Minister Cesar Cals, are 500,000 barrels daily in 1985, the CNP chairman reminded them that "we have assurances of only 370,000 barrels a day in that year; 500,000 barrels a day is just a conjecture, although a commendable goal." He also said that "with each passing day it becomes increasingly difficult to produce the 500,000 barrels in 1985, because 4 to 5 years are needed between discovery and production of a new oil field."

He expects, however, that Brazil will be importing only 600,000 barrels of oil a day in 1985, based upon the following figures: "In that year we will be producing 370,000 barrels a day of petroleum, 170,000 barrels a day of alcohol, the equivalent of 170,000 barrels of petroleum a day in the form of coal, 120,000 barrels of petroleum a day in the form of charcoal, 25,000 barrels a day of shale oil and we will be economizing another 200,000 barrels a day by rationing consumption. As predicted consumption is 1.7 million barrels a day, imports will be about 600,000 barrels a day.

Gen Oziel Almeida Costa criticized the quality of alcohol produced by mini- and microdistilleries, saying that the product is of inferior quality to that produced by the large distilleries and does not meet the CNP's technical specifications for hydrous alcohol to be used in internal combustion engines.



He disapproves of installing such small projects in regions that already have large distilleries, because "this could induce sugarcane producers to stop furnishing raw materials to the large projects and set up their own in order to compete in the market with an inferior product."

The CNP chairman thinks the mini- and microdistilleries should be set up only in regions where building large projects is not justified or in cases where consumption by the producer himself justifies existence of a small distillery for his energy self-sufficiency, but not in order to place the product on the market.

#### Drop in Consumption Reported

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Jun 80 p 27

[Text] Brasilia--Mines and Energy Minister Cesar Cals revealed yesterday that apparent consumption of petroleum derivatives decreased 0.2 percent during the first 5 months of this year as compared to the same 1979 period, so that consumption of imported petroleum fell 2.7 percent, due to the increase in domestic production.

From January through May, 25,804,500 cubic meters of petroleum derivatives were consumed, compared to 25,853,400 cubic meters in the same 1979 period. Of the total consumed during the 1979 period, 23,531,900 cubic meters were energy derivatives and 2,275,000 cubic meters were non-energy derivatives, whereas from January to May of this year 23,109,500 cubic meters of energy derivatives and 2,731,900 cubic meters of non-energy derivatives were consumed.

Regular gasoline was the energy derivative that showed the greatest reduction of consumption, in absolute terms, with a drop of 618,400 cubic meters (2.6 percent); meanwhile, premium-grade gasoline had the largest percentage decrease--93.6 percent--as its consumption dropped from 69,200 cubic meters in the first 5 months of 1979 to 4,400 cubic meters during January to May 1980.

Diesel fuel was the energy derivative that had the greatest physical consumption increase, 1.9 percent or 450,800 cubic meters, while LPG had the largest percentage growth in consumption, with 14.7 percent. Consumption of this derivative increased from 1,780,200 cubic meters in January to May 1979 to 2,042,500 cubic meters in the same 1980 period.

#### Non-Energy

Consumption of non-energy petroleum derivatives increased 20.1 percent during the period, from 2,275,000 cubic meters in January to May 1979 to 2,731,900 cubic meters in the first 5 months of 1980. The only product in this category that had a real reduction in consumption was asphalt, with 9.3 percent. Its consumption dropped from 499,300 cubic meters in the first 5 months of 1979 to 453,000 cubic meters in the same 1980 period.

In this same category, naphtha and petrochemical feedstock were the derivatives that showed the greatest increase, percentage-wise as well as physically. Their consumption increased from 1,381,900 cubic meters to 1,839,000 cubic meters (a 34 percent increase).

#### More Production

During the same period, consumption of imported petroleum fell 2.7 percent, from 905,132 barrels daily in January to May 1979 to 880,933 barrels daily in the same 1980 period. This is because, of the total daily average consumed this year--1,067,713 barrels--188,780 barrels were domestic petroleum, whereas for the 1,069,737 barrels consumed daily from January to May 1979 the contribution of domestic production was only 164,605 barrels.

#### Imports Rise 61 Percent

Rio de Janeiro JORNAL DO BRASIL in Portuguese 26 Jun 80 p 18

[Text] In the 12 months from April 1979 to March 1980, Brazilian imports increased 40.08 percent, and the trade-balance deficit rose to \$3.647 billion in the period. Petroleum purchases represented 49.37 percent of the total imported by Brazil, and had the highest percentage increase, 60.80 percent; followed by cereals, 6.09 percent; organic chemical products, 4.34 percent; and machinery and mechanical apparatus, 4.12 percent.

According to the Foreign Trade Studies Center Foundation, the percentage share of naval equipment in the growth rate of Brazilian imports was reduced by 2.89 percent; land vehicles, 0.40 percent; and meat, 0.23 percent. Foreign debt in 1979 reached 19.3 percent of the Gross Domestic Product, taking into consideration the net debt of \$39.811 billion. And with exports of \$15.244 billion and imports of \$17.961 billion, plus service costs of \$2.342 billion, the Foundation concludes that the deficit in the balance of payments was about \$5.059 billion. The current-transactions deficit rose to \$10.449 billion, due to debt interest and remittance of profits and dividends.

#### Imports Costing \$11.3 Billion

Rio de Janeiro O GLOBO in Portuguese 12 Jun 80 p 30

[Text] If all petroleum price increases announced by OPEC are implemented, Brazil will spend an additional \$350 million for imports during the second half of this year. The petroleum bill will thus rise to \$11.3 billion by the end of the year. This estimate was made yesterday by PETROBRAS experts, who took into consideration the attitude of Saudi Arabia, which has not yet decided whether or not it will raise prices.

In any event, PETROBRAS will not have an exact idea of the additional expenditures until OPEC releases its official communique. Even so, the experts argue, it will be necessary to read the communique between the lines, since the Algiers meeting had heavy political connotations.

According to the specialists, OPEC is unlikely to achieve price unification. The situation established within the organization since the Caracas meeting (free pricing) is desirable to numerous groups that market petroleum. It would be inconceivable that Iran, whose price per barrel is \$35, would lower its price to \$32, as proposed by Saudi Arabia, or that other member countries with prices above \$32 would agree to lower their quotation. Diversification of prices is likely to prevail as long as the more radical producers are not willing to forgo periodic increases in the hope that the prices charged by the other countries will reach the same plateau, the experts said.

#### Domestic Production Up 14.2 Percent

Rio de Janeiro O GLOBO in Portuguese 10 Jun 80 p 21

[Text] Domestic oil production from January through May 1980 was 28.3 million barrels, compared to 24.8 million in the same period last year, representing an increase of 14.2 percent, PETROBRAS announced yesterday.

The statistics for the first 5 months of this year point up the large increase in production from offshore fields: 60.3 percent. Last year these fields contributed 24.8 million barrels, rising now to 28.3 million barrels from January to May.

#### May Production

In May 1980, petroleum production (5.9 million barrels) increased 15.5 percent over that of the same 1979 month, when 5.1 million barrels were produced. Average daily production was 191,506 barrels, compared to 165,818 in May last year.

Offshore fields yielded 2.4 million barrels in May, an increase of 58 percent compared to the same month last year. Volume produced by onshore basins in May was 3.4 million barrels, showing a decline of 3.2 percent.

During the January through May period, onshore production fell from 17.7 million barrels to 16.9 million barrels, a 4.5 percent reduction.

#### New Record

Domestic production may reach 223,000 barrels a day by the end of this month. The latest bulletin on daily production, published yesterday, shows a production of 213,000 barrels. As three wells in the Campos Basin with a total production of 10,700 barrels a day are temporarily shut down for maintenance, it is believed that the mark of 223,000 barrels will be surpassed in coming weeks; that is, as soon as the wells return to operation.

### Higher Prices Now Posted

Rio de Janeiro O GLOBO in Portuguese 1 Jul 80 p 33

[Text] More than 15 days after the Algiers meeting, when OPEC established new price levels for the oil produced by its member countries, PETROBRAS yesterday began receiving the first announcements of the increase. The communiques came from Libya, which raised its price per barrel from \$35 to \$36.40, and from Nigeria, whose price increased from \$35 to \$36.50.

The two increases, effective today, raised the petroleum bill during the second half of the year by \$11.8 million, in view of the supply of 30,000 barrels a day from Nigeria and 14,000 barrels a day furnished by Libya. According to the forecast of Carlos Santana, PETROBRAS marketing director, if the other suppliers raise prices, Brazilian imports will reach \$11 billion FOB by 31 December.

### Suppliers

Except for Saudi Arabia, which furnishes about 200,000 barrels a day and which should maintain its price of \$28 per barrel, the other suppliers are likely to send announcements to PETROBRAS. Among these suppliers are Iraq, with 400,000 barrels a day; Kuwait, with 80,000 barrels daily; Iran, 60,000; Venezuela, 48,000; Mexico, 17,000; Abu Dhabi, 19,000; China, 20,000; Gabon, 20,000; Neutral Zone, 20,000; Qatar, 20,000; and Angola, 7,000.

PETROBRAS announced yesterday that there is no negotiation with Iraq to increase imports from that country by 60,000 barrels a day, thus enabling it to withdraw from the Iranian market. Officials of the state enterprise said that it does not intend to alter the present roster of suppliers.

### More Saudi Oil Wanted

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Jun 80 p 28

[Text] Brasilia--PETROBRAS Marketing Director Carlos Santana will go to Saudi Arabia in the next few days to negotiate purchase of about 300,000 barrels daily of crude oil over the next 2 years in addition to the 180,000 it now receives from that country's state enterprise, according to information given yesterday by official sources associated with the energy sector. Brazil's intention is related to government plans for attempting a rearrangement of purchases in the international market, giving preference to those producing nations within OPEC that sell petroleum at lower prices.

Should negotiations between PETROBRAS and Petro (Saudi state enterprise) turn out well, Brazil will be able to save \$1 million a day, according to the same sources, besides the possibility of the 2 countries forming consortia in "areas of the economy to be determined," as well as INTERBRAS [PETROBRAS International Trade, Inc] furnishing agricultural and semi-finished goods. Also entering into the negotiations is the purchase of weapons



by the Saudis, which will be transported by Aerobrasilia, a firm awaiting authorization from the DAC [Civil Aeronautics Directorate] to begin operating, and created by stock shares of Transbrasil (51 percent), ENGESA [Specialized Engineers, Inc] (34 percent) and Sao Paulo business groups.

#### Restriction

The Brazilian intention is to increase crude-oil imports from Saudi Arabia by at least 35 percent because, besides quoting lower prices than do the other OPEC members, that country is interested in investing heavily in Brazil, also according to the same sources. PETROBRAS is now buying about 61 percent of its needs from Iraq (compared to 20 percent from Saudi Arabia), but intends to reduce this share to 45 percent without prejudice to its contracts and guaranteed deliveries from the Majnoon oil field. Besides intending that expenditures for purchasing petroleum abroad not exceed \$12 billion this year, the government wants to demonstrate to the Arabs that they can invest in Brazil without risk. It is even mentioned that the Arab millionaires are interested not only in hotel chains, but also in the National Alcohol Program.

#### BRASPETRO Exploring in Angola

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jun 80 p 25

[Text] Rio de Janeiro--An area of the Angolan continental shelf is being eyed by BRASPETRO [PETROBRAS International Inc] for petroleum exploration by means of a risk contract, with that company acting as operator, possibly associated with other companies of the sector, sources of the PETROBRAS subsidiary revealed yesterday.

The intention has already been submitted to the Angolan government as part of a program to step up BRASPETRO's activities in Angola and also to create more favorable conditions for increasing petroleum exports from Angola to Brazil.

BRASPETRO's interest also includes the Cabinda enclave, the major producing area of Angola, where 90,000 barrels of petroleum are extracted daily. At present only Gulf Oil participates in Cabinda production, considered by BRASPETRO experts as having great prospects for increasing Angolan output.

#### Diversification

Through its BRASPETRO subsidiary, PETROBRAS intends to carry out in Angola the same policy followed in Algeria, where it participates in exploration for the purpose of obtaining larger supplies of petroleum. Such an association is being described by the North African petroleum producers as essential for permitting increased supplies for the importing countries.

With the possibilities offered by Angola, PETROBRAS hopes to be able to substantially increase its petroleum imports, now restricted to about 6,300 barrels out of total daily imports of about 1 million barrels. For this,



it is counting heavily on execution of that country's production program, intended to increase output to 170,000 barrels daily by 1985.

Through BRASPETRO, PETROBRAS is now participating in petroleum exploration in one of the tracts located on Angola's continental shelf. It participates in this venture in association with the French firm Total and the U.S. firm Texaco, which is acting as operator. For the new area proposed, PETROBRAS wants to be the area operator, which means taking over all responsibility for technical conduct of the exploration process, besides participating as a stockholder in the venture.

#### **Iraq, Saudi Arabia Favored**

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Jun 80 p 32

[Text] Rio de Janeiro--Iraq and Saudi Arabia, responsible for about 60 percent of the petroleum supplied to Brazil, are likely to continue being the major suppliers next year, because they are the Persian Gulf nations least susceptible to reducing production and most stable in regard to price increases.

This viewpoint to guide future petroleum imports is being taken by PETROBRAS, especially after the results of the latest OPEC meeting, in Algiers, when Iraq adopted a conciliatory position and Saudi Arabia refused to increase its prices from \$28 to \$32 a barrel.

PETROBRAS experts think petroleum imports should strengthen the relationship with state enterprises of producing countries, leaving multinational companies with less responsibility for Brazilian imports, which now is practically limited to participation in the Aramco consortium marketing Saudi oil.

Regarding Saudi Arabia, in 1981 PETROBRAS will try to increase its purchases directly from Petromin, the state enterprise, which is now furnishing 26,000 barrels of petroleum daily, the other 174,000 barrels being accounted for by Aramco, formed by the U.S. oil companies. For this year, the contracts signed guarantee these amounts, which cannot be increased, according to a PETROBRAS source.

PETROBRAS remains confident about its petroleum supplies from Iraq, since that nation, with an industrial development program underway, could hardly reduce its production or raise its prices excessively, as its revenues from petroleum exports are essential to sustain its economic growth.

In the case of Saudi Arabia, although the economic development factor is also influential in avoiding reduced production, PETROBRAS is convinced that the U.S. oil companies are the most interested in keeping the price of Saudi petroleum below that of its competitors. This is because they will always have wider profit margins in reselling derivatives obtained from Saudi petroleum, giving them a big advantage over their rivals, especially British Petroleum and Shell, in the international market.

Hence, supplies of petroleum from Saudi Arabia and Iraq will continue at the same level as currently, or may even be increased, despite a small reduction in foreign oil dependency that Brazil will have after this year, as a result of more domestic production, increased production of alcohol and a slower rate of growth in domestic fuel consumption.

#### More from Mexico, Venezuela

Rio de Janeiro JORNAL DO BRASIL in Portuguese 18 Jun 80 p 18

[Text] PETROBRAS Marketing Director Carlos Sant'Anna said yesterday that Brazil is likely to increase purchases only in Latin American countries, mainly Venezuela and Mexico. He explained that the agreements between the presidents of these countries and President Figueiredo are conducive to this change in the profile of oil purchases and predicted that these two countries jointly may increase their sales to PETROBRAS as much as 60,000 barrels a day. But there is nothing definite.

Carlos Sant'Anna, who arrived on Sunday from London, where he was negotiating with the management of British and French petroleum companies, commented that the last OPEC meeting in Vienna caused uncertainties among all consuming countries because for the first time a meeting is ending without arriving at a definite conclusion. According to Santa'Anna, after OPEC meetings, consuming countries are always immediately informed about the new prices and many times some countries raise their prices during the meeting. As of yesterday, PETROBRAS had not yet been informed of any petroleum price increases.

#### Temporary Relief

In the PETROBRAS marketing director's opinion, to a degree there was "some relief for the consuming countries in establishment of a \$32 per barrel ceiling price by OPEC Persian Gulf countries, because it opens the way for purchasers to negotiate the price of oil." However, he acknowledges that "this relief may be modified, depending upon winter weather in Europe."

Sant'Anna believes Brazil is not in a position to increase its purchases from Saudi Arabia, from which it is already importing 200,000 barrels a day (of which 26,000 are from the Petromin state enterprise and the remainder from multinational companies). In view of the current purchasing structure, Sant'Anna predicts that, under existing conditions, Brazil is spending about \$10.3 billion FOB on petroleum this year and, taking into consideration increases to no more than \$32 per barrel FOB, the cost may reach \$10.7 billion.

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CHARGE THAT PLO SUPPLYING ARMS TO ALN DENIED

Jerusalem Source Accusation

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jun 80 p 7

[Dispatch by O ESTADO correspondent Moises Rabinovici]

[Text] Jerusalem--According to revelations made by reliable sources in Israel, the large sophisticated Soviet and Western arsenal of the Palestine Liberation Organization (PLO), which has recently been expanded with arms from Brazil, Switzerland, Austria and India, may be at the disposal of the Brazilian National Liberation Action (ALN).

"The PLO arsenal has two doors," a source in Jerusalem explained to O ESTADO yesterday. "Through one, it receives the arms supplied to it directly by the Soviet bloc, or those purchased through Libya, Syria and Iraq. Through the other, it makes a selective distribution among European and Latin American terrorist organizations."

It was a spokesman for the extremist General Command of the Popular Front for the Liberation of Palestine, headed by Ahmad Jibril, the favorite friend of Colonel Mu'amar Qadhafi, who admitted the possession of Brazilian arms by the PLO. As an example, he cited the X-20 and X-40 missiles, although all Libyan war surplus, which includes the Brazilian Urutu and Cascavel, in the same proportion as the fleet of 2,500 Russian tanks for only 200 tankmen, has one known purpose: to serve the terrorist organizations and various countries of the Middle East.

"Libya is a very rich arms customer that escapes all control of its suppliers," the sources confirmed.

The opening of the PLO sources to Brazilian guerrillas began to be negotiated 2 months ago, in April, when a large preliminary delegation of the National Liberation Action (ALN) visited Lebanon secretly.

"Everything becomes known in Beirut; secrets circulate. The Brazilians who arrived there were received by high-ranking PLO personalities. They entered the country with forged documents. They were interested in the guerrilla

training camps and saw them. They also went to the Palestine refugee camps. Some members of the Colombian M-19 were in Lebanon at the same time and obtained arms and money while they were holding several ambassadors hostage in Bogota," the source declared.

[Question] "What did the ALN and the PLO achieve with this preliminary contact?"

[Answer] "From what we know, general liaison," the source revealed.

[Question] "Anything specific?"

[Answer] "It was not simply a friendly or ideological meeting..."

[Question] "Arms?"

[Answer] "It was an arms deal."

[Question] "And have the arms already been shipped?"

[Answer] "That, I do not know. The visit was very specific: to obtain training in the official PLO courses."

[Question] "But, the PLO has a representative in Brazil..."

[Answer] "In Spain too, which does not prevent it from supporting the Basque separatists. The same in Syria, as close to President Assad as to the Moslem Brotherhood. That double game is repeated in Saudi Arabia, everywhere. While it carries out a campaign for political recognition in Europe, it supplies arms to the Italian Red Brigades, to the German Baader Meinhof and to the Irish IRA; that is a proven fact."

#### Arms

With regard to the transfer of Brazilian arms to the General Command of the Popular Front for the Liberation of Palestine by Libya, the same source was very reserved, commenting only:

"If Ahmad Jibril announced that, then Brazil has a problem. It calls for an investigation aimed at reaching precise conclusions, because it is known that the Brazilians manufacture and develop the X-20 and X-40 missiles. Lately, there have been indications of the existence of Austrian arms in the hands of Palestine terrorists. There is much talk about an automatic rifle known as the AM-180 manufactured by Austria under license from the United States. The Americans have already begun an investigation that will probably involve the countries that have purchased it: Libya, Syria, Pakistan and Saudi Arabia," the source said.

Another new weapon in the PLO arsenal comes from Switzerland: a 35 mm cannon bought by Libya.

"Libya is the hangar of the Middle East. It has hundreds of Mirage-5's and F-1's, in addition to highly sophisticated Soviet MIG's, but one asks: Where are their pilots? They do not have them," the source continued.

Most of the weapons in the PLO's "two-door arsenal" comes from the Soviet bloc: "We have much reliable information that confirms that the Soviet bloc countries--Russia itself, as well as Hungary, East Germany and Czechoslovakia--supply arms directly to the terrorist organizations that operate in Lebanon. They are unloaded in the port of Latakia, Syria. The crates are labeled: PLO. The Arab countries play another role, that of intermediary. Iraq, for example, supplies the Arab Liberation Front, which a short while attacked a children's center in a kibbutz in Israel. Along with the weapons comes ammunition, medical equipment, covering material. All supplies of light weapons are of the highest quality," declared the Israeli source.

"However," he continued, "heavy weapons such as artillery and tanks are not quite so sophisticated. The T-34 tanks which date back to World War II, delivered to the PLO and deployed in southern Lebanon, were photographed by Israeli pilots from the air as well as from land. Other tanks are due to arrive: 150 of the same T-34 type, shipped by India via Iraq after Yasser Arafat's visit to New Delhi. The PLO is training pilots but it does not have an air force because you need more than planes for that.

"The PLO's Soviet arsenal also includes 107 to 220 mm Katyusha rockets: Chinese, Russian and Korean. As for artillery, there are cannons, mortars and SAM-7 antiair missiles, stocked by the thousands in southern Lebanon," said the Israeli source.

The Western arms reach the PLO through intermediaries or European sellers. "In some cases, the Arab countries merely transfer what they purchase; in others, the merchandise is shipped to a false destination, usually Pakistan, and is really received by the PLO. A massive quantity of U.S. arms passed into the hands of the Arab terrorist organizations with the taking of power in Iran by Ayatollah Khomeiny, with whom Yasser Arafat is a close friend. In this case, it was M-16 rifles, antitank rockets, missile launchers and radars. The same thing occurred in Lebanon: the national army abandoned its positions during the civil war leaving them to the PLO with U.S., French and Belgian light weapons," the source said.

[Question] "Is it true that the PLO also has Israeli-built Uzi machineguns, is that true?"

[Answer] "Not only Israeli, but also Belgian, manufactured under license. This weapon serves the PLO elite because it is ideal for personal protection."

In Sao Paulo last night, security organs said they did not know about any activity of an organization going by the name of Brazilian National Liberation Action (ALN), the existence of which was revealed to the O ESTADO correspondent in Israel by reliable sources who spoke in Portuguese.



The same sources revealed that, by coincidence, at the time of the visit of the ALN delegation, several deputies from Sao Paulo and Rio de Janeiro arrived in Lebanon at the invitation of the PLO and the fact received much comment in the press. According to the same sources, however, the Brazilians who identified themselves as members of the National Liberation Action had forged documents.

The organization traditionally known as the ALN was the National Liberating Alliance, commanded by Carlos Marighela. With his death in a police shoot-out, the command passed to Joaquim Camara Ferreira, "Toledo," or the "Old Man." The organization came to an end with the arrest of other leaders and the death of Joaquim. Most of its members were arrested and banished,

#### Existence of ALN Doubted

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Jun 80 p 5

[Text] Brasilia--Army and Armed Forces General Staff sources said yesterday that they were surprised by the information given by Israeli sources to the O ESTADO correspondent in Israel to the effect that the Palestine Liberation Organization (PLO) had placed its arsenal at the disposal of members of a group of Brazilian guerrillas called the National Liberation Action (ALN). These sources said also that they doubt the existence of that guerrilla movement.

Planalto Palace spokesman Alexandre Garcia also said that the government "does not know anything about the activities of an alleged guerrilla organization called the National Liberation Action and much less about the supply of arms to that organization." He added that clarification about the subject "can only be given by the original source."

Some military leaders who participated in operations against guerrillas between 1968 and 1972 guarantee that all movements of that type in the country have ceased to exist, both in the urban and rural areas.

According to military sources, that does not mean that the army has ceased paying attention to the possible appearance of guerrilla nuclei [focos], especially in areas where there are disputes over land claims, as is presently occurring in the area of Lower Araguaia, which is the object of permanent vigilance by security and intelligence organs.

The sources explained that guerrilla fighting exercises are part of troop training in the most strategic military units. One of the most recent exercises of that type was held by the 6th Combat Engineering Battalion in Sao Gabriel in Rio Grande do Sul.

The military sources point out that while the disputes over land claims are being viewed as a threat of the resurgence of rural guerrillas, the resurgence of urban violence by means of which guerrilla groups can arm themselves are also receiving special attention from the security organs.

The authorities say that the practice of terrorist acts require special fighting techniques. For that reason, they add, Ambassador Geraldo Eulalio do Nascimento e Silva, who was recently held hostage in Colombia will utilize his experience to help the Brazilian authorities prepare a 'strategy of combat' by the government to be applied in the event of a case of hostage-taking in Brazil. In that connection, the ambassador delivered a lecture before the Armed Forces General Staff and will shortly repeat it in the Naval War College.

The Foreign Ministry also announced through its spokesman that it does not know anything about the supply of PLO arms to Brazilian guerrilla groups. "A reliable report to that effect," said the spokesman, "would be linked to the security organs of the Israeli Government. Brazil has not received any communications from those organs, which would be the normal course followed by almost every country in the world."

#### Deputies Publish Note

Deputies Ailton Soares, acting leader of the Workers Party (PT) in the chamber and Jorge Vequed, deputy leader of the Brazilian Democratic Movement Party (PMDB), distributed a note yesterday in which they dispute the charge made in Israel that the PLO is supplying arms to a Brazilian armed group called the National Liberation Action. Following is the full text of the note:

"The report is false on its face because it presumes the existence of an organization, the ALN, about which the security organs themselves are unaware of any recent activity in the national territory. The attempt to involve the members of congress who recently visited Lebanon at the invitation of the PLO seeks to intimidate them because they are the ones who support the establishment of the PLO office in Brazil. That organization was recognized by the European community as the only representative of the Palestine people and the link which the report insinuates between Brazilian congressmen and supposed members of the ALN is nothing more than a Zionist maneuver to try to confuse public opinion and create difficulties for the establishment of the PLO office in Brazil."

The members of congress who participated in the trip to Lebanon at the invitation of the PLO last May were: Deputies Haroldo Sanford and Leorne Belas, of the Social Democratic Party (PSB), Ailton Soares, Antonio Carlos and Wilson Elair, of the PT, and Francisco Pinto, Walmor de Lucca, Joao Herculino, Jorge Vequed and Paea de Andrade of the PMDB.

(Editor's Note: The only "attempt to involve the congressmen who recently visited Lebanon at the invitation of the PLO that we are aware of is that official note since at no time did the correspondent refer to deputies. The report comments on the secret visit to Lebanon of a large preliminary delegation of the National Liberation Action" and reported that its members entered the country with forged documents. We cannot believe that the deputies could have imagined that they were confused with that group.)

## Foreign Ministry Checking Charges

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Jun 80 p 5

[Text] Diplomatic sources revealed in Brasilia yesterday that the Foreign Ministry is checking the charges made by Israeli sources to the effect that the PLO is supplying arms to a Brazilian Organization, the National Liberation Action (ALN). The charges by the Israeli sources published by O ESTADO last Friday also included a trip that an ALN delegation allegedly made to Lebanon last April, when the agreement on supplying PLO arms and guerrilla training reportedly was concluded.

In their report, the Israeli sources added that the Brazilians "were received by high-ranking PLO personalities and entered Lebanon with forged documents. They were interested in the guerrilla training camps and visited them. They also went to Palestine refugee camps."

After saying that they did not know if the arms had already been shipped to Brazil, the same sources asserted that the visit "was very specific: to obtain training in the PLO courses."

On the same day that the charges were made, however, the security organs of Sao Paulo reported that they did not know about any activity by an organization called the National Liberation Action, the existence or nonexistence of which the Foreign Ministry is interested in ascertaining.

### New Charges

In one of its recent editions the Israeli newspaper MAARIV reprinted the charges made by a columnist for the British newspaper THE ECONOMIST, Robert Moss, which asserted that 12 Brazilians, 28 Argentines, 4 Germans, 6 Italians, 4 Japanese and 3 Basques were training guerrillas recently in PLO camps in Lebanon.

According to Moss, the Brazilians belonged to the "Progressive People's Revolution," which however, is unknown to the Israel sources who made the charge about the activities of the ALN. Robert Moss charges also that the PLO is planning a revolution in Turkey and has received 130 Armenians for training.

### Sawan Again Attacks O ESTADO

The representative of the PLO in Brazil, Farid Sawan, yesterday again charged the O ESTADO DE SAO PAULO with conducting a campaign "to frighten him," since he arrived in the country. He also reiterated that the newspaper is "racist, anti-Arab and anti-Palestinian" and could change its name to O ESTADO DE ISRAEL."

Speaking in Spanish, Sawan appeared in the press room of the Legislative Assembly and asked the reporters to listen to him because he wanted to reply

to reports published by O ESTADO that, he said, "are nothing more than slander and baseless accusations." After that, he showed a clipping of the report published in the edition of the 20th by the newspaper's correspondent in Israel, revealing that the "PLO is supplying arms to a Brazilian group. The information sources of that report, according to Sawan, "all belong to Mossad, the Israeli intelligence service. Other honest reporters, correspondents for other Brazilian newspapers refuse to publish reports distributed by Mossad unless the Israeli intelligence service identifies the sources."

He asserted that the PLO "does not have any connection with the Brazilian ALN nor does it know if it exists," and he challenged the O ESTADO and the Israeli intelligence service to show any concrete proof of that connection. "If they are unable to prove it, the absurdity and evil-intent of that campaign will be demonstrated. "The PLO," he stressed, "has only open and public relations in Brazil with the legally constituted parties and with their representatives in the Brazilian congress, including the government party, the Social Democratic Party. In addition to that, it maintains good relations with the Brazilian people, and does not mix in the internal affairs of the country.

Finally, he pledged that the PLO "does not want to carry out political agitation in Brazil" and that "the objective of O ESTADO is always to disturb the good relations between the Palestinians and the Brazilian Government. O ESTADO DE SAO PAULO for some time has tried to undermine and slander some deputies who maintain good relations with the PLO and the Palestinian people but it will see that the friends of the Palestinians will increase more and more."

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CSO: 9001

# CTA HAS KNOWHOW TO BUILD DIRIGIBLE PROTOTYPES BY 1984

Sao Paulo FOLHA DE SAO PAULO in Portuguese 22 Jun 80 p 40

[Text] The Brazilian dirigible is only a plan for the time being. But its planners--the technicians of the Aerospace Technology Center (CTA)--argue convincingly that it can become the ideal solution for the transportation problem in Brazil, especially to bring out the harvests, conduct mineral exploration, install transmission lines, transport personnel and equipment for plants and dams, in addition to patrolling the territorial waters.

Technologically, said Col Sergio Ferola, director of the CTA Research and Development Institute, "we have the knowhow to assemble the first two prototypes by 1984, depending only on a political decision at the federal level, with formalization of the action and the appropriate allocation of funds."

The plan for the first two dirigibles or floating air vehicles involves only 12 million cruzeiros, a small investment, according to CTA technicians, if one considers that just to reinforce the highway linking Sao Paulo and Itaipu in order to transport the generators, the government is going to spend 3.3 billion cruzeiros. These two prototypes would have a capacity of 20 tons (three trucks) of payload. The projections are to build 80, 100 or 200-ton models in the future.

The problem of the dirigibles that traumatized the world no longer exists at the present time. The Brazilian dirigible would use helium for lift, a gas that is completely neutral and not flammable, unlike hydrogen. Its propulsion also does not present any major problem because it can be propelled by a motor powered by alcohol or some other national fuel. Its speed will depend on the tonnage but in any case, around 100 kilometers per hour.

## "Chile of the Atlantic"

The plan for the Brazilian dirigible arose out of Brazilian needs, "which are completely different from those in countries such as France, England and the United States, which have the same plan but do not implement it because of the facility of transportation in those countries," said Colonel Ferola. Brazil, he explains, is and will continue to be in the coming decades a coastal country the population of which is distributed over only 20 percent of the national territory. It is the "Chile of the Atlantic," as one Brasilia military source described it.



Because of the lack of highways, waterways, railways; because of the need to save oil and the pressing need to transport specific loads to sometimes uninhabited places or that lack a minimum infrastructure, the Brazilian dirigible becomes feasible, at least theoretically, for the time being. Major Wilson Cavalcanti and engineer Carlos Barroso, charged with developing the plan in the CTA has the following arguments for the application of the floating air vehicle in Brazil:

"The economic development of the Center-West and Northern regions is hampered by the lack of an adequate transportation system. The latter in turn depends on a road infrastructure, which cannot be built because of the rudimentary economic situation of the region, thus completing the circle."

A dirigible, they argue, is capable of breaking this circle which generates underdevelopment in most of the national territory because of its characteristics of aerostatic flight and independence from a ground infrastructure.

#### The Models and Purposes

The CTA technicians are thinking of building three models, equipped with modern weather and radar equipment: the first would be capable of carrying 20 tons and would be used for local transportation between plantations and production centers, and regional marketing and storage centers with a radius of a maximum of 200 kilometers; the second, with a capacity of 80 tons, would serve the same purpose but could extend its radius of activity to 500 kilometers.

The third, with a capacity of 200 tons, would have more specific applications and would cover a distance of 1,000 kilometers transporting farm products, vehicles, fuels, lumber, mineral ore, goods and tools, raw materials, farm machinery and implements, and plant and factory components.

There are officials in the various government sectors who favor or disapprove this plan. The layman always thinks it is a return to the past. The CTA technicians do not concur with such a concept and even argue that Goodyear wanted to sell its technological package for a modern dirigible to Brazil. The principal arguments of the CTA in favor of the dirigibles are given by Colonel Perola, as follows:

"Dirigibles make it possible to carry any type or form of cargo, even an indivisible part. They permit refueling several times en route, while hovering, without detriment to its performance, which means transporting more of a payload and a minimum fuel deadload. They permit vertical landing and takeoff without ground assistance and, therefore, can carry out loading and unloading operations anywhere as long as there is an open field. This offers the greatest flexibility of use in any region, in any situation, for any cargo.

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CSO: 3001



# RIO JUVENILE VIOLENT CRIME RISES 300 PERCENT SINCE 1964

Rio de Janeiro JORNAL DO BRASIL in Portuguese 25 Jun 80 p 8

[Text] Juvenile delinquency in Rio de Janeiro has increased about 30 percent between 1964 and 1979. However, within that category, violence represented by robberies (in the form of holdups) increased 300 percent. Thus in 1971, youths under 18 years of age committed 91 robberies, whereas, from 1976 to 1979 the number increased to about 300."

Providing this information at the panel on violence organized by the Brazilian Telecommunications Company (EMBRATEL), the vice president of the International Association of Juvenile and Family Judges, Alyrio Cavallieri, said that of the 1,484 minors who were tried in 1979, 44 percent ranged from 17 to not quite 18; 94 percent were unemployed; 88 percent lived in slums and 70 percent had family income of up to one minimum wage.

## Juvenile Delinquency

According to Judge Alyrio Cavallieri, the cases recorded by the police show that "juvenile crime is not significant if it is compared to crime committed by adults over 18." The figures obtained from the Judicial Distribution Service indicate that "the criminal violations committed by minors between 1973 and 1979 represented only between 3.7 and 3.3 percent of the crimes committed by adults."

As for the sociological profile of the young criminals, he cited a study included in the book, "Juvenile Delinquency in Guanabara," published in 1973 by the Juvenile Judiciary, with reference to cases over a period of 10 years. It was shown "that the minor who commits crimes against property (thefts, robberies in the form of holdups) is about 16 years old, does not go to school, does not work, is semi-illiterate, and lives in the slums. The minor is responsible for 60 percent of all juvenile crime."

Referring to the solution for the problem, he explained that "changing the age of criminal responsibility, lowering it to 16 years of age is trying to solve a social problem with prison bars. The attenuation of urban violence will be achieved with a preventive program aimed at taking the roaming youths off the streets. The formula lies in giving them the opportunity to use their energies in unsophisticated work that can realistically be carried out on the street itself but with discipline.

## Violence

Criminal court judge, Francisco Horta, supported the participation of the community in the quest for solutions to deter violence, citing the example of the Rio de Janeiro Trade Association, which created the Permanent Public Safety Commission, because there is a tendency to leave all the work to the state.

According to sociologist Jose Arthur Rios, this participation could be carried out through companies, parishes and service clubs. The parishes could identify possible crime victims, such as solitary old people and invalids who live alone, bringing them into the social life of the community. The service clubs such as the Rotary would be given a police function under the supervision of the police, since there are not enough personnel to cover all neighborhoods.

## Unequal Justice

Father Bruno Tombeta of the Prison Chaplaincy, said that the deep social inequalities also favor the commission of crimes. "Even justice is not equal for all," he declared, because criminals of class A and B receive petty sentences despite having killed somebody because they can hire good lawyers, which does not happen with the poorer person.

The criminal court judge agreed that justice is unequal, pointing out, however, that the judges want justice expedited and its cost lowered, and if possible made free to benefit the poor.

Newspaperman Cicero Sandroni discussed the role of the press with regard to violence. He explained that despite the fact that some newspapers deal with the subject in a sensational manner, the press is facilitating discussion and thinking about the problem.

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CSO: 3001

## APRIL SHOWS SLIGHT EMPLOYMENT RISE IN METROPOLITAN AREAS

Sao Paulo GAZETA MERCANTIL in Portuguese 21-23 Jun 80 p 3

[Text] Employment in the metropolitan areas rose 0.49 percent in April over March, according to the monthly employment index of the National Employment System (SINE) released Friday in Brasilia by the Ministry of Labor. Compared to April 1979, employment in the 10 largest cities in the country increased 1.59 percent, less than the normal growth of the population, estimated at 2.7 percent by the Brazilian Institute of Geography and Statistics and which serves as the parameter of the need to create new jobs in the country.

Industrial employment was 0.81 percent greater in April in the metropolitan areas than in the previous period. In Sao Paulo and Rio de Janeiro, employment in industry fell 0.13 percent and 0.53 percent, respectively, and increased more in the areas of Belem (3.09 percent), Brasilia (1.70 percent) and Fortaleza (1.48 percent). In the other areas, the increase in employment varied from 0.12 to 1.12 percent.

The civil construction industry maintained the trend of growth in employment recorded in the early months of the year, increasing 0.87 percent in April over March. Negative percentage indices appeared this time only in the cities of Belem (minus 3.52 percent), Fortaleza (minus 0.85 percent) and Brasilia (minus 0.37 percent). In Curitiba, where construction showed the worst indices in the country, employment rose 0.37 percent but it did not succeed in eliminating the 1.1 percent deficit in its index compared to February 1977, the date when SINE began its survey. The largest growth indices in the sector occurred in Belo Horizonte (4.70 percent) and Sao Paulo (1.87 percent).

The manpower turnover index in April also dropped below March, according to the SINE survey. The general index, which was 4.85 percent in March, dropped to 4.25 percent. The highest turnover indices occurred in the civil construction industry. The sectors covering industrial employment, business and the services sector remained close to the general average, with the lowest indices being recorded in the last.

The turnover index in construction in Fortaleza, Salvador, Recife, Curitiba, Porto Alegre and Brasilia varied from 10.3 percent to 14.4 percent. In Sao Paulo, Rio de Janeiro and Belo Horizonte, the indices were 9.0, 8.1, and 8.1 percent, respectively.

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CSO: 3001

## BRAZIL

### EXPORT AGENCY HAS SOYBEAN QUOTA FOR SALE TO USSR

Rio de Janeiro JORNAL DO BRASIL in Portuguese 25 Jun 80 p 21

[Excerpt] The president of the Brazilian Association of Export Trading Companies, Humberto Costa Pinto Jr., confirmed yesterday that that body has received from the government, through the CACEX [Foreign Trade Department], a quota of 500,000 tons of soybean middlings and pellets for sale to the East European countries, mainly the Soviet Union.

"This quota is unofficial, and the industrialist is under no obligation to sell. I have always defended a typically national system of international marketing, and there will certainly be no lack of those who will supply the product," this businessman said, on being asked about the reluctance of foreign enterprises to violate the boycott established by the U.S. government at the time of the Afghanistan invasion.

Mr Costa Pinto said that the quota will be divided among the trading companies interested--20 have transactions with Eastern Europe--and possibly, in collaboration with the CACEX, a limit of up to 25,000 tons will be established for each of them. "The typical Brazilian industrial processor would perhaps be unable to make use of this market opportunity in Eastern Europe due to lack of access. The function of the trading companies is to follow the development of international trade and identify opportunities, placing orders with the producers. The fact is that there are 500,000 tons of soybean middlings for an export outlet which should account for 7 million tons," the president of the export trading companies association said.

He disagreed with Brazilianist Albett Fishlow, an economics professor at Yale, who says that the domestic market will always be more important than the foreign market for Brazil. "Our country has all of the prerequisites for becoming one of the largest exporters in the world, because of the farm resources available and its capacity to produce competitive manufactured products. And I do not see why we cannot develop this capacity," Mr Costa Pinto Jr. said.

Concerning the idea of expanding imports of domestic goods to limit the increase in prices in domestic industry, ascribed to the Foreign Trade Studies Center Foundation, this businessman said that "this, if put into practice, could cause Brazilian industry serious problems, particularly in the present situation, with negative effects on the balance of payments and the trade balance."

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## COLOMBIA

### TURBAY OFFERS AMNESTY TO GUERRILLAS

Bogota EL TIEMPO in Spanish 15 Jun 80 p 1-A, 12-A

[Text] President Julio Cesar Turbay Ayala has announced that he is submitting a bill to Congress to order amnesty for guerrillas who put down their arms, with the exception of those who have been convicted or indicted.

He cautioned that the amnesty would not extend to convicted guerrillas, because they would join with armed groups. "To dispel any doubts, I am, of course, not thinking about an amnesty for those who have been convicted or indicted, because I want to help pacify the country, not strengthen subversion."

In a speech in Ibague, Turbay Ayala also defended the large-scale public works and social program investments that his administration has scheduled, pointing out that the people have a legitimate right to raise their living standards.

The chief executive was accompanied by the ministers of health and education, Alfonso Jaramillo Salazar and Guillermo Angulo Gomez, who are both from Tolima, and the general manager of the ICT [Institute of Territorial Credit], Ivan Duque Escobar.

In Ibague, the president handed over 250 housing units constructed by the ICT and expressed his pride at being the president who has had the most projects undertaken in Tolima.

Turbay said that he has kept his promise to form a national government and praised the colleagues accompanying him by pointing out that he has not chosen persons who are out of touch with their fields.

"I do not like," he indicated, "to run a government with persons who do not genuinely represent the sectors on whose behalf they are serving as cabinet members. It has been my desire to pursue a frank, clear-cut, open, loyal policy with fighters, because I think that the fighters are the cool-headed captains in the struggle and are in a better position to bring about coexistence, to promote progress and to guarantee peace."

Turbay responded to the criticisms that have been leveled at his administration for the increase in inflation, reiterating, however, that he would continue to battle this economic scourge. He stated in this regard:

"I frequently see and read criticisms regarding the inflationary situation that the country is going through. Naturally, the people who are pointing to this fact have not discovered anything new, nor are they at odds with the government. We cannot deny that Colombia is being stricken by that modern ill called inflation and that it is lashing not only our country but all of the world's nations as well, although its impact is more serious in Third World countries, in other words, the developing countries.

"The government has been battling inflation on the basis of a sound currency. We really do not want the money supply to go wild. We do not want to create artificial conditions that would help to accelerate this inflationary process. But faced with the worldwide phenomenon of inflation, what we have to find out is how Colombia wants its inflation: whether it wants inflation along with recession, a shut-down of projects and nationwide bad times, or whether, in spite of inflation, it wants to pursue development plans like the ones to which my administration is committed and which have aroused such enthusiasm in Tolima when they were announced here by Governor Merino.

"I think that it is much better for Tolima to be able to say that certain priority projects were not abandoned in spite of inflationary conditions, though without allowing the money supply to swell because the government was pursuing a prudent monetary policy.

"Who can deny the importance of rural electrification? Who can deny the importance of rural telephone service? Who can deny the importance of expanding health care coverage to all regions of the department? Who can deny the importance of having made Tolima an energetic part of the drinking water revolution? We feel that one of the ambitions of the Third World is to improve the living standards of its people. Well, we are trying to pursue those interests as best we can within our fiscal limits. The government is doing as much as it can to channel the energies and funds of the federal budget towards those social goals. More than 60 percent of government revenues are earmarked for social programs, in other words, education, health care, public thoroughfares and all varieties of communications."

#### Amnesty

In announcing the amnesty for guerrillas who put down their arms, Turbay said:

"I know that there are many threats to democratic institutions and I know that there are many ways to avert them. We can avert them through the vigorous determination of the citizens not to allow constitutional and democratic channels to be obstructed and supplanted by emotions, anarchy and chaos. I also know that we have professional Armed Forces that will do only what the constitution demands of them but that will do no less than their duty dictates. I know, furthermore, that the government has in its hands political tools, and that is why I am going to submit to the next Congress a bill to pardon those who have taken up arms against the government and who agree to lay them down, so that in this way there will no pretext for disturbing the peace.

"I do not expect them to lay down their weapons and become defenders or backers of my administration; they can, in fact, oppose it, but by resorting to democratic procedures and subjecting themselves to the competition of elections. To dispel any doubts, I am, of course, not thinking about an amnesty for those who have been convicted or indicted, because I want to help pacify the country, not strengthen subversion. If we release those who have been convicted of political crimes against the state, they will, of course, take advantage of such a pardon. But what will they do then? Work, like other citizens, to further progress and development and bolster peace, or strengthen the armed groups? I think that they would head for the armed groups. Inversely, however, if we offer amnesty to those who are carrying weapons and who agree to put them aside and join the process of development and peace, then we are making a big contribution to coexistence among citizens. In order for peace to prevail in the republic, the first thing that has to be done is to put the weapons aside, not release prisoners."

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CSO: 3010

## COLOMBIA

### GREAT DEBATE OVER 'MAFIOSI' IN POLITICS

Bogota EL TIEMPO in Spanish 4 Jun 80 p 1-A, 8-A

[Text] A major national debate on Mafia infiltration in politics and vote-buying has been prompted by the charges leveled by the governor of Cesar, Jose Guillermo Castro Castro.

His accusations were angrily received by legislators Milciades Cantillo Costa and Felipe de Jesus Namen Rapalino, who announced that they would sponsor a debate in Congress with Government Minister German Zea Hernandez regarding Castro Castro's conduct.

At the same time, the president of the chamber, Adalberto Ovalle Munoz, and Congressman Dario Quintero called on the government to immediately remove the governor of Cesar so that neither the public peace nor the individual peace of mind of people in the department would be impaired.

These reactions were prompted by Governor Castro's statements to the effect that Mafias financed the election campaigns of Congressmen Milciades Cantillo and Felipe de Jesus Namen.

The debate was joined yesterday by the Supreme Court and the Office of the Nation's Attorney General, which said that they are not pursuing any investigation against lawmakers allegedly elected with the help of financing from drug trafficking gangs. However, Attorney General Guillermo Gonzalez Charry invited the Cesar governor to reassert through the regular system of justice his charges against Congressmen Namen Rapalino and Cantillo Costa and department Deputy Jose Ismael Namen.

Castro's charges triggered angry reactions from the group of congressmen who have been attacking his administration; among them are Adalberto Ovalle, Milciades Cantillo, Felipe de Jesus Namen and Dario Quintero, who in recent months has severely questioned the governor's performance.

Castro Castro was the target yesterday of harsh attacks by the congressmen in question, as one of them, Namen Rapalino, said: "These

assertions come from a veritable fool, an idiot, a blackguard, an out-and-out scoundrel and a full-time coward."

In his judgment, "Pepé" Castro's charges are generating "true political violence."

With regard to the political controversy that has arisen, Attorney General Gonzalez Charry said (in statements to Todelar) that it was a problem of a penal nature. "It is not a problem in which the Attorney General's Office ought to intervene, because it does not have jurisdiction to investigate the behavior of members of Congress. So, if the governor feels that what he is saying is true, he should appear before the criminal justice system and file the appropriate charges."

The chief justice of the Supreme Court, Juan Hernandez Diaz, also spoke to the news program and noted that inroads by Mafias in politics are an almost traditional phenomenon in the country that it has just now begun to consider.

"I don't know how solid the evidence is, but in any case, if this were to be the case, it would really be extremely damaging to political activities," he contended.

#### Reactions

In addition to the reactions that EL TIEMPO published in yesterday's edition regarding the Cesar governor's accusations, Congressman Felipe de Jesus Namen Rapalino, who arrived in Bogota this Tuesday, issued the following statement:

"Mr. Castro's assertions are those of a veritable fool, an idiot, a blackguard, an out-and-out scoundrel and a coward...What he is doing is generating true political violence in the department...He has no moral standing to talk about us two that way, inasmuch as our ethical standards have been put to every test."

Namen added: "We are honorable, honest and poor men with the opportunity to serve honorable people and we have received only the rude response of an incompetent man."

He reiterated that he is not familiar with those whom the governor calls "the big hawks" (gavilan mayor) nor does he have any idea of their activities. Namen said that he is asking President Julio Cesar Turbay to investigate Castro's conduct.

He asserted in conclusion that if he had any contact with the Mafias, "I would be willing to resign my seat in Congress."



#### Cantillo's Remarks

Separately, Congressman Cantillo Costa announced yesterday that on 20 July he would propose a subpoena of Government Minister German Zea Hernandez, to promote a major battle against the governor of Cesar, Jose Guillermo Castro.

He said that at the same time he would accuse him before the Supreme Court and file charges against the attorney general for "complicity and concealment" because, he explained, he did not, as the official with jurisdiction, report these facts.

He disclosed that the Cesar congressional faction would keep to itself a series of reports on drug trafficking controls in Cesar by the regional government, stating that "we will show who has received illicit benefits from these controls."

#### Ovalle's Remarks

The president of the chamber, Adalberto Ovalle Munoz, stated for his part that the assertions by the governor of Cesar make no sense and show poor judgment and a lack of responsibility.

Ovalle had the following to say about Castro's charges that Mafias were financing election campaigns:

"This fellow is attempting to seek publicity on grounds that clash with the truth. Our vigorous response is that the Federal Government, the president and his government minister are in charge of insuring that an atmosphere of calm and respect is preserved in Cesar. Therefore, they should make a quick decision as to whether this fellow remains in his post in Cesar."

He went on to say: "Moreover, in his ignorance and his lack of common sense and responsibility, he (the governor) has forgotten that he holds a post that must be respectable and consistent with the policies of the Federal Government. I feel that there is no valid reason why he ought to remain in the departmental administration."

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NATIONAL INTEGRATION PLAN ANNOUNCED, DENOUNCED

PIN Will Change Nation

Bogota EL ESPECTADOR in Spanish 31 May 80 p 12-A

[Excerpts of speech delivered by President Julio Cesar Turbay on 30 May 80 in Cali]

[Text] The following are the main passages from the speech delivered by President Julio Cesar Turbay during the inauguration of the new summit meeting of governors which opened yesterday in the city of Cali:

A little over a year ago, on the occasion of the Third Governors Meeting, I had the opportunity to formulate the general outlines of my administration's development plan, in the certainty that it would constitute a fitting response to the great challenge modern times have thrust upon us to guide Colombia down the paths of a harmonious, balanced and fair kind of development. It is therefore with profound satisfaction that your president today, on the occasion of this new meeting with our regional governors, presents to you the final version of the National Integration Plan (PIN).

When the government dialogue over national problems holds the privileged stage of the regions of Colombia, we are engaged in decentralization. So, it is no coincidence that the presentation of the fundamental directives of the PIN in Bucaramanga, just as is the one I am today making in Cali in all its detail, have taken place in major Colombian provincial capitals. In choosing these two sites, I deliberately wanted to stress the decentralizing aim of the plan and its special emphasis on regional autonomy.

Neither Developmentalism Nor Justicialismo

Thus, as opposed to a thesis like the one that argues that the progress of nations is simply a matter of growth or the one that maintains that all one's resources should be channeled toward an indefensible kind of social welfare while neglecting development, the PIN seeks its roots in an intersection of these two coordinates of national economies. Actually, the plan brings together the experience derived from the historic discourse on these theories and, through a great effort of synthesis, provides the equation

of development with its proper dimension. Thus, the government does not want the despotism of material progress without social justice, nor is it interested in burying the nation in a wasteland of transitory justice without economic development. To equally reject both of these harmful conditions is for the government the equivalent of interfering with the deceptive effects of a long-desired growth and the false illusions of a dilapidating justicialismo.

In fact, for us social justice and economic development are goals that should go hand in hand. They are to a certain extent interdependent, even though each of them ought to have its own life and specific objectives.

Just as mankind has achieved its greatest successes in terms of simple formulas, the PIN will incorporate the energies of all Colombians in the great task of building a friendlier and more prosperous nation.

Thus, the plan's approach is not only concerned with particulars but also responds in an integral manner to the diagnosis eminent scholars have made of the nation's real situation and to the yearning of millions of fellow countrymen to break the links of the heavy chain of difficulties which binds their lives to the poverty of a backwardness that has endured for ages.

#### Public Tranquillity

The long-term objective of the PIN is to obtain a clear picture of the economic and social variables involved while at the same time setting up ways and means for seeing to it that its content may derive its sustenance from the rich source of the community's daily occupations. In the course of this process, Colombians' justifiable haste to overcome the barriers raised by the slightest measure of development that takes place in this country will have to be channeled and exploited in order for the plan to succeed at all. This is why special importance is extended to community participation in the determination of the various programs, since, in the opinion of the government, knowing how to listen is an indispensable condition for being able to make decisions, just as the accommodation of social tranquillity is an essential prerequisite for progress. In my opinion, public tranquillity and the appropriate organization of people for common goals constitute the core infrastructure of progress and equity.

#### Integration Plan

The figures that have enabled us to determine the workings of the various components of the PIN were not obtained in isolated offices of elegant bureaus; rather, they are the product of consultations, of an inventory of needs and of an interpretation of the economic and social facts in terms of the vast geography of the nation. Similarly, the plan is not the result of an itch to propose a list of activities to the public which might suddenly work miracles in changing the face of the nation. On the contrary,

it is the result of conscientious and very frequent meetings of the government team during which anxiety over our underdevelopment was — as we can proudly affirm today — transformed into the optimism of a program in which we believe we have cut down the distance between what we want and what is possible.

/In this interesting process, we must stress the tact with which the head of the National Department of Planning has guided the work of the group of young experts of that agency, to which he has lent his valuable and decisive support. This job to which Dr Eduardo Wiesner Duran is committed ably demonstrates the competence and discretion with which he performs his duties as head of the Department of National Planning, thus imbuing it with genuine importance. For the eminent collaboration Dr Wiesner has been contributing to the nation, the latter and the government owe him their particular gratitude./ *[in italics]*

#### Decentralization and Regional Autonomy

When, on repeated occasions, I have reiterated the notion that planning must begin with the outer edges and work toward the center, I have merely referred to one of the elements of this new conception of development. In having the needs of the people serve as the pivot about which the conduct of the government has to turn, it opens the way for the latter to successfully tackle problems and succeed in meeting needs that cannot be deferred.

I have also supported the thesis that it is the function of the government to adapt the economic machinery so that its operation will more closely correspond to the initiative of its internal dynamics than to the refuge of decisions that keep each sector of the economy and the various regions from generating their own progress. In fact, the objective of decentralization of development expressed in the plan is nothing but that. With it we will succeed in utilizing the opportunities offered by new fields of development and strengthen regional autonomy. We will also gain the greater participation of the regions in reaching major national decisions; that is, in the national decision-making process we will exploit the participation of the regional administrations.

#### Public Funds

This policy has been deliberately conceived to serve as a dynamic link between the different regional policies and will assure satisfactory distribution of our resources. Naturally, the strengthening of the regional governments constitutes a valuable tool of the plan inasmuch as only in this way will it guarantee its active presence in the achievement of these great objectives. This point is at present the object of a thorough analysis by a select group of economists made up of the Wiesner-Bird Mission, a mission which, moreover, is responsible for the complicated job of analyzing the no less complex Colombian fiscal labyrinth. Thus, better institutional coordination for the implementation of the various PIN programs,

that is, greater administrative efficiency of the government at its different decision-making levels, will have to go hand in hand with efficiency in terms of procuring and distributing funds in the quickest possible fashion so that it does not interfere with the former through the overly high cost of an unsuitable flow of public funds.

#### Medium and Long-Term Achievements

Common sense has shown the government the appropriateness of pointing out with perfect clarity those plan programs that constitute medium and long-term achievements. Now, due to the complexity inherent in problems the handling of which requires years of intense dedication and which are therefore not subject to a quick or easy solution, they deserve the persistent attention of the government and, as such, ought not to be considered as goals that can be attained in a short period of time.

The rigorous order of priorities begins in the PIN with the formulation of policies in this direction. In this way, the country's integration will be achieved through expansion of the energy sector, communications and transport in which only a sustained effort of planning and execution will provide a firm guarantee of success.

#### Well-Being

Obviously, improvement of the standard of living belongs to the category of priority programs. The government feels that well-being should not be a simple by-product of development. The training of about 800,000 traditional farm families, children's access to education, the supplying of an additional 5 million people with drinking water, the improvement of health facilities for the younger segment of the population and the reduction of illness to 25 percent are targets of a program that must go on receiving the greatest attention for decades to come to satisfy the aspirations of the people unless we want to see economic growth arrested because of collective dissatisfaction.

This is the real formulation the PIN seeks to promote among Colombians. Roads are not being planned or improved in vain, since after them comes development, accompanied by the expansion of public services coverage, or construction of a new water-supply system or modern hospital is begun, fortunately enabling our fellow countrymen to enjoy the benefits of a more just kind of life.

#### A National Market

When on 20 April 1979 I presented the general outlines of the PIN, I emphatically asserted that my administration would establish the bases so that in some not too distant future Colombian development would lay the foundation for a united and integrating national market. The full range of the plan is an indication of the clear acceptance of these goals. In fact,



the general demand for a fluid exchange of goods and services, of ideas and experiences will endow our country with greater cohesion. So, we can reaffirm our nationhood, reiterating its regional characteristics, and we can only restore their vigor if we chop off the head of centralism which constitutes an obstacle to the effective governing of the nation.

### Economic Policy

I have reported at length on the profound significance of the plan and the effect it will have on the life of the nation. Of course, stressing the achievement of long and medium-term objectives and avoiding instruments of a situational nature, which enable us to successfully elude the countless depressions incurred during the process of development, does not mean we are neglecting the government proposal. On the contrary, the start of the new decade is accompanied by new obligations which future generations will have to hold us accountable for. With the clear, basic goal of a policy involving a vast amount of planning in terms of proposals and time, the government will be given the means of successfully leading the country to a point which will be more in conformity with the higher interest of the community. Thus, we have replaced the general tendency to regard the long term as a well-intentioned, but incongruous succession of short-term plans with a scenario in which the program is based on a permanent attitude toward development.

### Financing the Plan

Along this line of thinking, between 1979 and 1982 the plan allows for investments of over 950 billion pesos, over half of which will be destined for the social sector properly speaking. Likewise, it is important to note that the bulk of the funds to finance the plan will come from government agency resources and the national budget with foreign credit accounting for them to a lesser extent. Given the magnitude of the investments, this fact highlights the great effort the government is making to increase and make use of funds destined for the program with a maximum of efficiency.

Now, with the plan we wanted to bury that noble paternalism which, instead of leading our society to more advanced stages of progress, interferes with its initiative and sows among people a lack of confidence in their own worth. There are quite a few programs in which the same community will have a chance to contribute. We have given this objective top priority in the plan.

It has also been established that somewhat more than 80 percent of the total amount of investments contemplated in the PIN will come from national resources. The remaining 20 percent will be supplied through foreign loans which will be used chiefly in the programs to provide physical facilities and in the mining projects, programs requiring foreign equipment and technology.

## New Social Policy

As I recently said in this city before spokesmen for Colombian workers, the most important component of the plan is the new social policy, for the achievement of which major government efforts have been channeled. When we speak of the social policy, we are immediately talking about public investment. There is no social justice plan that does not have a close relationship with fiscal funds. There is a big difference between those who make promises without having to carry them out and those who know how much the promises are worth. Our social policy is financed. It does not belong to the realm of utopia, but to that of the possible. Ours are not just words, but programs in action.

In connection with this, it is worth noting that over 65 percent of the main budget is appropriated for direct programs to improve the standard of living of our fellow countrymen, a clear testimony to the priority they hold in the plan. The social sector will be financed with contributions from the agencies and the same community, thus reaffirming the government's determination to concentrate its ordinary resources on this front.

In my opinion, we must strive for social justice simultaneously with development because, as I said before, any social solution implies a fiscal investment and funds are not produced by spontaneous generation, but are the fruit of healthy growth which generates employment and government income.

Colombia, a country in process of development, will not resign itself to allowing the social balance to be altered through the shortage of funds, scarcity of technologies and manifest nonexistence of full development.

The government is frequently held responsible for factors that disturb the peace because of a shortage of funds for noteworthy social welfare. If this statement is accepted at face value, we would have to conclude that peace is a privilege of the wealthy, and this is not so. The poor have a right to enjoy this natural gift too.

## Foreign Sector

In terms of the PIN, the foreign sector is not an isolated element. Based on regional autonomy, Colombian integration is further projected through the country's relations with the rest of the world. We will go beyond our "corner of the ocean," reiterating our comparative advantages. We will strengthen the nation's ties with countries in a phase of development similar to ours in order to with solidarity invade the complex world of organized markets.

Revitalization of the Subregional Andean Pact is therefore a fundamental component of Colombia's active presence in the new international economic order.

At the same time, the plan seeks to turn foreign trade into a two-way street along which a constant flow of products designed to meet domestic demand and capture or improve our participation in foreign markets is promoted.

#### Plan Law

The long-winded exercise we have just unwound will serve as an example so that in future the raising of objections, often justified, which crops up about development plans may be turned into an active life force for equitable Colombian progress.

The guarantee that this will be the case is sustained by the principle which says that a development plan without a budget behind it is no more than a fragile entelechy. This is not the case with the PIN. As I have already announced — and the public will have an opportunity to check on this — the viability of each sector, and within them of each specific program, will be guaranteed by the necessary funds, the source studies for which have been rigorous, thus allowing us to assert that the sectors covered by the plan will not lack solid financial cement.

Thus, the arrangements provided for in the formulation of the plan that have to date been completed will be subjected to a later phase of study by the above-mentioned commission. This is not a confidential plan, but a clear, transparent conception of development, open to public discussion and to rigorous examination by the experts.

So, the continuity of plans and programs is supported by the threefold pedestal of the conjunction of sectorial and economic goals, municipal and regional participation and the mandate of the law.

#### Distribution of Wealth

One last word on the indispensability of a redistribution of the wealth will conclude this talk in the certainty that in this way the government's view of the purpose behind the development plan will be fully illustrated.

Now, a healthy social environment has to be situated in the same kind of fluidity as free enterprise. By surrounding the investor with guarantees through a sensible economic policy and by arresting the dangerous advance of economic concentration through the National Securities Commission, broad channels are opened so that more people will contribute to the growth of the country, in the end strengthening the modern sector of the economy by incorporating themselves into the process that generates wealth.

Along these lines of thought, incentives for small and medium-sized industry and the opening of corporations are also effective instruments which will achieve the twofold goal of development with equity.

Ladies and Gentlemen:

In presenting the PIN from this prestigious rostrum, I call on all the regions and all intelligent individuals to make regional autonomy the cornerstone of national integration with our sights set on decentralization of development.

#### ANIF Denounces PIN

Bogota EL ESPECTADOR in Spanish 2 Jun 80 pp 1-A, 9-A

[Article by special envoy Jaime Viana]

[Text] Cartagena, 1 June—The National Association of Financial Institutions (ANIF) has raised serious questions about the PIN, particularly regarding the way it is to be financed and warns that it will doubtless be costly in terms of inflation.

In a paper on the economic situation, the ANIF warned that the PIN will be inflationary due to the greater additional demand it will generate through investments in public works and that it will not meet with suitable responses in a production sector that has lost its initiative.

#### The Great Challenge

In its study on economic prospects, this financial sector association asserted that the big touch-up job the government will have to face in the immediate future will be that of appropriately handling the conflict between investment needs for development and control over inflationary pressures.

After pointing out the urgent need for such investment, the ANIF deemed that control instruments should fundamentally be oriented toward the chief factor responsible for generating the expansionist torrent, that is, the foreign sector.

Under the circumstances, the ANIF insisted that it would be appropriate for the government to adopt measures like a progressive ad valorem tax on coffee exports, gradual and selective liberalization of imports and greater incentives for a speed-up in the handling of bank drafts.

ANIF president Ernesto Samper Pizano said that the biggest question there is as regards the stabilization program promoted by the Ministry of Economy these past few months has to do with the way the development plan is to be financed.

Referring to the proposal made by the National Department of Planning to the effect that the part of the plan financed with domestic funds would be covered by reductions in operating expenses, Samper said that this claim ignores certain fundamental realities of our public expenditures structure.

He mentioned the measure concerning operating expenses and noted that these are particularly concentrated in those social service sectors which, paradoxically enough, the plan itself claims to provide incentives for.

#### Raises and Wages

He also pointed out that, as long as the bullish trend the government has been trying to control — so far with considerable success — persists, it cannot think of trimming back public employees' reasonable expectations for increases in salary.

At the same time, Samper Pizano reported that over the past few years figures on the growth of the bureaucracy indicate that, at least in certain sectors of the government, there has been a tendency toward bureaucratization rather than debureaucratization of public agencies.

"Once that possibility is exhausted, there would not be the promising one of financing counterbalancing items through a stock issue either, whether through international loans or National Bank credits."

Samper Pizano voiced his fear that the way that would be resorted to would be one that would even more restrict private activity, through private financial economy competition, which would lead to a greater shrinking of credit than the currently existing one.

"So, this confirms," he emphasized, "our conviction that the PIN, with whose diagnosis we fully agree, will be a plan developed with the exclusive participation of the public sector and predictably be costly in terms of inflation."

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CSO: 3010



**FOREIGN CURRENCY ACCOUNTS AUTHORIZED**

Bogota EL TIEMPO in Spanish 4 Jun 80 pp 1-A, 6-A

[Article by Jaime Horta Diaz]

[Text] The government yesterday authorized the opening of foreign currency accounts in Colombian banks or abroad in what amounts to a regulation of the strict currency exchange control law.

Limits placed on travelers abroad, which amounted to \$6,000 per person, have also been eliminated and restrictions on drafts for the subsistence of students living abroad have been lifted.

These measures were adopted through a Monetary Board resolution and are an application of Article 32 of Executive Decree 444 of 1967.

Monetary Board adviser Juan Camilo Restrepo Salazar said that "it is not a matter of selling our reserves short, rather of putting them to more active use and in the process eliminate a lot of red tape."

Subject to prior permission from the National Bank, open foreign currency accounts may be opened for the payment of medical expenses, printing costs, radio and television, the purchase of drugs, subsistence for professionals and technicians, subscriptions to magazines or newspapers and the purchase of books, the payment of fees, drafts for students and various other services abroad.

Similarly, travelers abroad may apply for the opening of open accounts so that they may be relieved of the risk of having to carry cash. They may also take advantage of the credit card system already approved of by the Monetary Board. The \$6,000-per-person limit on the amount of dollars that can be used for expenses abroad has been eliminated.

Before, students living abroad could only be sent a maximum of \$500 a month. Now, there are no limits.

The Monetary Board resolution also eliminates the 20-percent cash reserve that was required for open foreign currency accounts in Colombian banks. Consequently, it will now be more attractive for Colombian financial establishments to retain these accounts.

Until the new measure was adopted, there were scarcely 532 open foreign currency accounts authorized by the National Bank's Bureau of Foreign Exchange in this country.

Of that total, 300 were in foreign banks and 232 in Colombian banks.

Thus the strict foreign exchange control system established in 1967 by that well-known law, Decree 444, by virtue of which it became mandatory to sell foreign currency that came into the country to the National Bank, has been partially reformed.

The opening of open accounts subsequent to the authorization of overall licenses to issue foreign drafts under the heading of services thus supersedes the individual license system.

By virtue of a resolution adopted a couple of months ago, the making of foreign payments through the overall license system against a statement of drafts made the preceding month, which must be presented to the National Bank's Bureau of Foreign Exchange, has been authorized.

The Monetary Board also made headway yesterday in its study of a document presented by the cotton growers who claim they have lost millions as a result of the summer abandonment action.

A proposal by Agriculture Minister Gustavo Dajer Chadid which would extend loan terms and grant fiber producers other prerogatives was debated at yesterday's Monetary Board meeting.

#### Open Accounts

The opportunity for Colombians to maintain open dollar or other foreign currency accounts is the result of a windfall in reserves the country now exhibits.

Colombia, which at the beginning of the 1960's exhibited negative reserves, now shows over \$4.6 billion in reserves.

Before, only a limited group of people could hold open foreign currency accounts, for which a special permit from the National Bank was required. This group included exporters, airlines and travel agencies.

The new system will offer the additional advantage of not having to turn all the dollars that enter the country into cash, thus avoiding fanning the flames of inflation due to expansion of the means of payment.

The chief innovations introduced by Resolution 27 are the following:

- a. The list of activities for which the opening of open foreign currency accounts is authorized has been extended with a new group of items that are listed in Article 1 of the resolution.
- b. With the intention of making it easier for Colombian banks to handle their clients' open foreign currency accounts, the cash reserve amounting to 20 percent of the value of such deposits that used to be in effect has been eliminated.
- c. The existing maximum annual limits on foreign currency used by travelers have been dropped. Moreover, credit institutions can deliver such foreign currency directly to their clients or consign it in their names to open foreign currency accounts authorized for that purpose.
- d. By virtue of a decree that will be issued simultaneously, transactions will be facilitated for the procurement of foreign currency required by students pursuing their secondary school, university or postgraduate studies abroad. In connection with this, the various limits set by Decree 62 of 1977 on drafts for students have been eliminated and the holding of open foreign currency accounts for this purpose is also authorized.

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CSO: 3010

BELISARIO BETANCUR ANNOUNCES HIS CANDIDACY

Bogota EL ESPERADOR in Spanish 16 Jun 80 pp 1-A, 7-A, 9-A

[Interview with presidential candidate Belisario Betancur by EL ESPERADOR political editor Carlos Murcia in Bogota on 16 June]

[Text] Candidate Belisario Betancur has just completed the first lap of his presidential campaign and for that reason granted an extensive interview to EL ESPERADOR during which he explained his whole policy.

In the interview he held with political editor Carlos Murcia, two points were of particular interest:

"The worst can happen in this country. The 'Titanic' is about to sink.

"I am in favor of granting amnesty to the armed rebels and the people of Colombia who are trapped by needs the satisfaction of which cannot be deferred.

"I see no basic or specific objections to my candidacy. I believe that all those that do exist are of a superficial nature and I can remove them.

"We are engaged in the preliminary process of determining how each faction of the party should decide on candidacies. I expect to receive the support of the majority factions, not only of the Conservative Party but of Colombia. Political factionalism is no solution.

"The most of living problem must be decisively tackled because it is one of the biggest to afflict the people of Colombia."

For the third time, Belisario Betancur has received the presidential nomination and this time he expects to in fact win the right to sit on the Throne of Bolivar.

However, he says that the preliminary phase of the process of political determination has scarcely been completed and we must hope that the conservative groups and other factions decide whether they will support him or whether they prefer some other candidate.

Belisario Betancur returned today from a tour of Huila, the first of his new presidential campaign. Taking advantage of one of his few free moments, we invited him to engage in this direct interview to clear up those questions still floating about in the political atmosphere.

The analysis of the national situation he offered us was not at all optimistic and, when we asked him whether he feared there might be a military coup or a popular uprising in the event our most pressing social problems are not solved and the rise in the cost of living is not halted, Dr Betancur graphically replied that "the worst can happen in this country" because the "Titanic" is about to sink.

On the other hand, the virtual Conservative candidate said that he was absolutely in favor of a general amnesty for the armed rebels but that, concomitantly, there ought to be an "amnesty for all Colombians, who find themselves trapped by needs whose satisfaction cannot be deferred."

When EL ESPERADOR's reporter arrived at his office, Dr Betancur was expecting a visit from an out-an-out Alvarista, former Minister of Justice Hugo Escobar Sierra. He daily receives Alvaristas, Unionistas, ANAPO [National Popular Alliance] members and a few independent Liberals.

This gave us an occasion to ask him how he thought he could refute the objections the Alvarista faction has been raising at its higher levels and whether he believed that they are simple ones, merely the result of the rivalry existing between the two Conservative factions.

He calmly replied: "You know that there are no specific objections. Of course, remarks have been made in all political factions regarding my positions on the facts of public affairs just as they have on those of eminent figures who participate in national politics. This is the essence of democracy. To the extent I can remove the objections that concern me, I will do so. But, I repeat, I know of no fundamental objections."

"I Want Unity"

This is the conversation we had with Dr Betancur:

[Question] You have said that your greatest desire is for unity. In view of this, would you be prepared to withdraw your candidacy in the event that the Alvarista faction should decide to oppose it?

[Answer] My greatest desire is for Colombian unity because without it we cannot solve the enormous problems we have. If we do not believe in one another, we will be lost. When the great depression of the 1930's arose, the great American newspaperman Walter Lippman said that the worst thing was not inflation and unemployment, physical phenomena that could be resolved, but the overwhelming feeling of loneliness and despair that was evident among the people of the United States, because they had lost their solidarity, because they had lost faith, because no one even believed in



himself anyone. Here, the same thing is beginning to happen. Part of a problem of such dimensions is divisiveness among Conservatives, but I do not raise this issue in the sense that the position of one individual, who is not an active participant in the conflict, can provide magic solutions. I am again presenting my name for consideration by Colombians in a context which at the present time marks the beginning of democratic activity, as formal events like departmental conventions and the big national convention are shaping up, events which, along with statements by the different Conservative factions, will decide how people feel about my presidential aspirations in this initial phase of the political process. Later on, I will provide more detail on this.

#### The Primaries

[Question] Would you agree to establishing the system of primary elections to choose presidential candidates or do you prefer the procedure involving a statutory convention with the participation of both parties?

[Answer] That is a practical problem about the different aspects of which party directives and, of course, the government provide complete information and therefore the ability to thoroughly judge the matter. As for me, it does not seem to be very important whether we adopt one system or retain the other. What is of concern to me is that, in a country that has not succeeded in institutionalising itself, with every passing day greater confidence is invested in the Constitution and it is reformed for incidental reasons. And I do not believe that the fact that this coincides with anecdotic situations like the problem that exists between a party's political leaders with regard to its internal division on reform of our Constitution is a healthy state of affairs. We have already had the San Carlos fact in 1977 and now, for basically transitory reasons, we are, with a certain measure of anxiety, talking about primary elections.

[Question] Is your candidacy national rather than Conservative or the opposite?

[Answer] I am a Conservative politician who for many years has fought for coexistence, pointing out that our problems are neither Conservative nor liberal nor ANAPO nor leftist, but everyone's problems. And for as long as I have been prominent in politics, I have committed myself only to national movements, maintaining that we are not here to create "Conservative republics" or "liberal republics." I will stick to that position until my dying breath. That is my final stance.

[Question] What formula would you provide the Conservative Party with so that it might achieve unity soon with an eye to the 1987 presidential elections?

[Answer] There is no magic formula. Furthermore, it is not a question of achieving unity "soon" just to achieve it. It is a question of achieving it through a rational, analytic and realistic process so that this

much-desired unity will be a lasting one and will contribute positive benefits not only to the Conservative Party but to all Colombians because it will contribute to finding fundamental solutions to the country's big problems.

#### Coalitions

[Question] To your way of looking at it, are coalitions ruled out for the next election contest as far as the Liberals and Conservatives are concerned or could they be entered into again?

[Answer] Because it would be contradictory, someone like myself, who talks of national movements, cannot exclude the theoretical and practical possibility of coalitions. What happens is that the term acquires a more mechanical sense, purely procedural and of merely bureaucratic content, than the one it has when denoting a form of government with previously agreed-on programs and, of course, many different nuances. At this very moment, the Constitution governs the coalition. The fact that the concept is being handled in a purely bureaucratic manner, which the country finds unsuitable, is another problem...

[Question] With which proposal do you feel yourself most identified: with a "programmatical coalition" for a social contract or with an arrangement as regards the socioeconomic problem?

[Answer] It is easy to judge from your question that, given different names and, of course, also expressed in different terms, we are presented with proposals that basically recognize the need for putting a stop to the unrestrained course that is leading the country to disaster by means of a basic agreement on the reforms required by our inequitable society so that opposition among all sectors will not continue to grow and so that we will recover our social solidarity. At present, what almost least interests the common man is the usual political struggle. Now there are activated bombs, which are more explosive and therefore more dangerous, in the form of the daily necessities of the people, which are not being taken care of in the face of the crushing rise in the cost of living.

[Question] During the second coffee harvest elections, Drs Misael Pastrana Borrero and Alvaro Gomez Hurtado tried to reconcile Conservative leaders but the results obtained by the two Conservative factions were not very clear. To your way of thinking, who won or who lost? Or did it end in a draw?

[Answer] I do not have complete election results, nor a breakdown either; so I cannot talk in terms of conjectures. I only know that the division within the Conservative Party will continue to exist and that is regrettable. I hope it will only be for a short time.

## Dual Leadership

[Question] Would you favor dual leadership in the Conservative Party with the names of Pastrana and Gomez or would that be impractical?

[Answer] I have suggested that, "of course, I am" more than once. But out of elementary discretion I am unable to offer an opinion as to how practical and opportune Drs Pastrana Borrero and Gomez Hurtado feel such a solution would be...

[Question] If you were elected president in 1982, would you basically concentrate your program on combatting the high cost of living, unemployment and insecurity? With what methods? Are you in favor of retaining the Security Law?

[Answer] The fight against inflation, unemployment and insecurity is one of the immediate objectives of any government. That is obvious. But it fits into a general framework, a political theory and style which, in its details, is formalized by the government. Its success or lack of success is measured by results, by the way the partners' socioeconomic situation is handled...

[Question] This government has been criticized for supposed excesses in the application of the Security Law. What do you think of the denunciations of Amnesty International and of other leaders like Dr Alfredo Vazquez concerning violations of human rights in Colombia?

[Answer] I have publicly referred to that more than once, censuring these acts. I remember that the first time I did so was in Villavicencio. There I quoted what ex-President Alberto Lleras said about these same acts, on no less an occasion than his welcome speech for President Turbay after his trip to Europe. Later, there were Dr Vazquez Carrizosa and ex-President Lleras Restrepo's vigorous denunciations. And when the curtain fell on the Dominican Embassy episode, Dr Turbay read Minister of Foreign Affairs Uribe Vargas' stunningly eloquent letter to the Inter-American Human Rights Commission on television. There is little to be added after having heard the prominent persons I have just cited...

[Question] In your opinion, if the country's pressing social and economic problems are not solved, will Colombia run the risk of a military uprising or a revolt? What do you think of what General Matallana had to say about this?

[Answer] If the country goes on as it has without correcting its course, the worst can happen. We can see it already. The wave of insecurity with more than 15 deaths due to assaults in less than 7 weeks in Bogota speaks volumes. And the undeniable popular emotion when the M-19 took the Dominican Embassy cannot be easily forgotten nor be treated as some mere incident. Perhaps we have forgotten what they say occurred to the captain of the "Titanic" when his ship struck an iceberg and he said to the terrified

passengers: "There is no cause for alarm; we have stopped to get a little ice." I leave this bit of information to my dear friend Daniel Samper Pizano, an expert on the "Titanic" tragedy, to tell us whether that sentence was uttered or not. In any event, it is very eloquent... And explains General Matallana's words...

#### Ideological Position

[Question] What is your position on the two political ideals of the right and the left? Do you favor socialism?

[Answer] These are labels without any basis in reality, tags, purely for the purpose of publicity. When they were created, the person who defined them had the power and persuasive ability to turn these definitions into law. But at the present time they tell us little. In Mexico, they tell you: "See here, we're all leftists." It is something like being taught with which dishes you should drink red wine and with which white. The most powerful feudal lord of his time, who knew little about wines and food but had the power and prestige among the gourmets of his time, said so. And his will became law...

[Question] In the case of the Dominican Embassy, who won out: the government or the M-19? Was the problem handled well by President Turbay?

[Answer] The solution was so good that each of the parties involved said that he had won. And President Turbay handled the delicate issue very well, as has been recognized throughout the world. I was especially pleased when, after the dangerous affair was over, he spoke to Colombians not with arrogance but with equanimity and sobriety, thus restraining revenge-seekers and admirers.

#### Amnesty for Guerrillas

[Question] Are you in favor of an amnesty for the armed rebels? Would it be worthwhile presenting Congress with such a plan, as President Turbay has intimated?

[Answer] Yes, I favor an amnesty. Of course, there must be a concomitant amnesty for all Colombians, beset as they are by needs whose satisfaction cannot be deferred. If this problem is not solved, even if the amnesty were approved today by Congress, within a year it would have to grant another one to others who would have replaced the subversives of today or increased their ranks. There are active agents of subversion: the armed rebels. But there are also passive agents of subversion: illiteracy, malnutrition, lack of credit, the rise in the cost of living, that is, the high cost of living, poor health. The remedy of an amnesty seems to me to be a good one, but the passive agents that affect the situation, that is, the social maladjustments that are oppressing Colombians, must be thoroughly treated.

[Question] Do you think the country would repeat the big voting turnout it displayed in 1974 if Lopez should again offer himself as a candidate? Or do you feel there would be a better chance of winning with Lopez than with Carlos Lleras or Virgilio Barco, for example?

[Answer] While there are reasons for not voting — as appears to be the case — such as popular disbelief in political formulas that solve no problems for the people, the current worsening of the economic and social situation and the high cost of living do not permit us to be optimistic. But I am sure that if a presidential debate is encouraged in which the nation is openly addressed, with concrete programs in which the people can believe, because they see them to be viable, because they are convinced that the bad situation will begin to improve and because they see a definite proposal for change, I am sure that the voting turnout can be bigger than in 1974. I repeat that this depends on the well-founded, serious hopes the candidates succeed in raising among the electorate, which has for so long been deceived and for the same reason so disillusioned...

[Question] What is your appraisal of Conservative Party participation in the present government? To your way of thinking, have the results been good, bad or normal?

[Answer] First of all, Conservative participation in the government is not an act of good will on both sides, but a mandate of the Constitution. The fact that those Conservatives who exercise this mandate have personally been loyal and effective is not enough to permit us to speak, using the value judgments: good, bad or normal, as though it was a question of giving a mid-term or final grade. The same can be said of the Liberals who cooperate with the Turbay administration. There are more fundamental problems which obviously are dependent on the chief of state's inspiration or leadership qualities. But in the final analysis, the others — as prominent as they may be — act as interpreters and executors of a more profound policy which has to come from the number-one man, the great leader, the president, by express constitutional mandate.

#### Politicians in the Government

[Question] How would you tackle the problem of politicking in the government to keep from finding yourself in trouble as has happened with the Turbay administration especially in connection with regional affairs? What is your opinion of the interpretation of the paragraph from Article 120?

[Answer] The problem originated with the National Front, long before the formula for "equitable and appropriate" participation. And all our presidents have been stuck with it. Only now it has become critical; it has been magnified in accordance with the kind of leadership that is exercised. Remember what the source of the reservations that arose between Dr. Lleras and the politicians was: his reluctance to engage in political patronage. What happens is that every president has his own style and it



is possible that a situation which terrifies and frightens us all is not now considered to be serious...

#### Article 120

[Question] Do you feel that deletion of Article 120, with the reservations made by President Pastrana, is appropriate?

[Answer] I am in favor of retaining it, but amending it to make prior agreement on programs obligatory. On the other hand, that is, if it is not amended, along with the financing of a serious and rigorous course in administration and a serious civil service, I would be in favor of deletion. Now, since individuals who are intellectually highly qualified are participating in the discussion of this issue, I think that a sensible, practical and, above all, honorable formula will be arrived at so that we will avoid the excesses and distortions the country is now witness to.

[Question] When will your presidential campaign for 1982 begin? Or are we to go on waiting for it to be announced?

[Answer] If that were the case, but this week there have been several demonstrations of support from students, professionals and artists. But for a presidential campaign to get into full swing, for it to really begin, we have to go through many different kinds of stages beforehand, after which we come to the hour of the big decisions. To the extent the scenario permits, once the period of postelectoral boasting is over, I will begin to tour the country again to gather first-hand information from people about those problems that trouble them most, to listen to what they think and to check to see whether my ideas and proposals are being well received.

[Question] Aren't you afraid of being defeated again, since people are saying that the Liberal Party will not let you, nor Dr Alvaro Gomez, come to power?

[Answer] Now look, the country has changed a lot. There are millions of Colombians who already make their decisions without regard for factionalism. It is a mistake to think that by simply raising party banners you get unanimous responses. The parties are now movements composed of people of approximately the same mind rather than identically so. People deliberate and analyze as to what is best for them and know that factionalism per se is neither a solution nor a response. When my presidential candidacy is officially presented, if it is accepted, given the expectations that exist not only in the Conservative Party but in other parties and political organizations and among independents, I do not have the slightest doubt that we can mobilize new and formidable majorities... This, of course, would be the end of a process which is now scarcely in its preliminary phase...

## Conservative Party Convention

[Question] If a candidate other than yourself were to be chosen at the Conservative Party Convention, would you be prepared to support him?

[Answer] The democratic process of which I am talking is beginning to be realized in the traditional parties, the Liberal and Conservative Parties, and in the different political organizations represented on the national political map. These parties and organizations have not yet fully decided on programs and names. And the people, who do not play an active role in the parties, are observing this process with more or less interest. As we know, during a presidential election factors come into play inside the parties as well as outside them. And obviously this has to be taken into account. In my party, we are going through these phases and, without unnecessary pressures, we must wait and see what happens in order to judge and reach decisions on concrete facts and not just speculations which would only lead us to prophesying about prophecies.

[Question] Do you believe that the ANAPO has already disappeared as a third party or that it still exists?

[Answer] The fact that ANAPO forces cannot be counted at the present time, because it is significant that it has not presented its own candidate at an election, creates a certain measure of ambiguity as to the size of its presence in Colombian politics. But this gives rise to no doubts as to its existence.



*Belisario Betancur*

## COLOMBIA

### VIRTUAL END OF MAO PROCLAIMED

Bogota EL TIEMPO in Spanish 1 Jun 80 p 8-A

[Text] The MAO [Workers Self-Defense Movement] is on the verge of disappearing after authorities captured almost all of its members.

The subversive group's main ideologues and founders are in jail, and the rest have been killed in confrontations with the police.

Of the MAO's main leaders, only Adelaida Abadia Rey is still at large. After her capture during an unsuccessful bank holdup, she was rescued by her comrades in a spectacular operation late last year in Bogota.

Adelaida was freed by an MAO command as she was being transferred to a military criminal court in a city bus. She is the wife of Alfredo Enrique Camelo Franco, who is serving time in Gorgona and who is thought to be the mastermind of the assassination of former cabinet minister Rafael Pardo Buelvas.

The subversive group was dealt its harshest blow just a few weeks ago when Armando Lopez Suarez, alias "Coleta," was recaptured during an unsuccessful bank holdup.

Lopez Suarez had escaped in spectacular fashion from the Model National Jail along with Juan Manuel Gonzalez Puentes, alias "El Brasileiro." Gonzalez Puentes was killed by police some months later in the Las Ferias district in the northwest part of the capital.

Alfredo Enrique Camelo Franco, Hector Fabio Abadia Rey, Manuel Santista Gonzalez, Mariana Amaya Rey and Armando Lopez Suarez are currently in the custody of authorities.

Killed in addition to Gonzalez Puentes was Edgardo Abadia Rey, who was charged with actually assassinating Pardo Buelvas.

The M-19 began in Bogota in 1977 with dynamite attacks, bank holdups, slaying of policemen and extortion, activities through which the movement financed itself. Its criminal acts reached their peak with the murder of former Minister Pardo Buelvas.

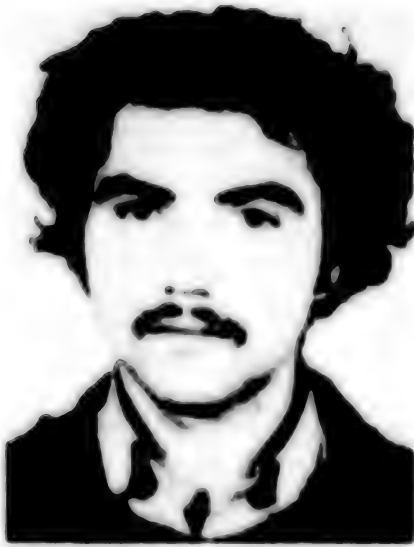
The subversive group had received communist indoctrination in several Latin American countries and specialized in spectacular operations with which it tried to score public opinion coups. With the setbacks that it has suffered, however, the movement has been practically annihilated.



Mariana Amaya Rey, alias "Mona,"  
under arrest



Armando Lopez Suarez, alias  
"Coleta," under arrest



Alfredo Enrique Camelo Franco, alias  
"Federico," under arrest



Manuel Bautista Gonzalez, alias  
"Raul," under arrest



Adelaida Abadia,  
"Lala," at large

Juan M. Gonzalez,  
killed



Edgardo Abadia  
Rey, killed

Hector F. Abadia,  
under arrest

8/63

LSD: 3014



COLOMBIA

CHANGES IN BOGOTA POLICE COMMANDS ANNOUNCED

Bogota EL ESPECTADOR in Spanish 13 Jun 80 p 22-A

[Text] Col Luis Eduardo Castillo Amaya, an attorney, has been named the new commander of the Police Department, and Maj Orlando Bautista Vargas has been appointed the new head of the Police Department's F-2. They will be taking up their posts in a few days.

Colonel Castillo Amaya is currently the director of the project to construct the National Police Hospital. He was born in the Boyaca town of Uvita and in addition to serving as assistant commander of the Boyaca Police Department, held the post of police attache at the Colombian Embassy in Venezuela. The distinguished officer is enrolled in a training course for a promotion to brigadier general to take over as commander of the Bogota Police Department from Brig Gen Gilberto Sandoz, who will head the institution's personnel branch.

Major Bautista Vargas is another distinguished police official and he currently heads up the command at the 12th station. He is replacing Maj Oscar Eduardo Perez, who will soon be traveling to France to take a course in criminal investigation.

8743

CSG: 3010

## BRIEFS

FORMER FARC COMMANDER SURRENDERS--Armenia, Colombia, 3 Jul (EFE)--Tamar de Jesus Mejia Tuberquia, who was formerly second in command of the Ninth Front of the Revolutionary Armed Forces of Colombia (FARC), has surrendered to the Colombian Army. Mejia has taken advantage of the amnesty offer issued by President Julio Cesar Turbay Ayala a few days ago. According to what EFE has learned from official sources, Mejia had already been condemned to death by his former comrades of the FARC staff because "he refused to join the Cuban militiamen who are in the country to direct the revolutionary struggle." A spokesman of the 8th Military Brigade headquartered in Armenia said that Mejia Tuberquia was commander of the first front of the subversive organization in southwest Colombia and later became second in command of the recently created Ninth Front of the FARC in northwest Colombia. Sources close to Colombian military intelligence indicated that Mejia has promised to cooperate with information to "exterminate the guerrilla group of the FARC which operate in the country." [Text] [PA040401 Madrid EFE in Spanish 0211 GMT 4 Jul 80]

NATURAL RESOURCE STUDY--President Julio Cesar Turbay Ayala today restated his confidence in the potential of Colombia's natural resources and his firm intention to protect and conserve them, and to insure that they are used in an appropriate, rational way. The chief of state made those remarks this afternoon at Narino Palace as he received the final report on the [study or research] project on the Amazon which is an inventory of the natural resources that the country has in the Amazon area and the possibility of using them for overall socioeconomic development. Turbay Ayala said that the riparian countries in the Amazon have pledged themselves to undertake common policies for the defense of their natural resources and the environment. Highlighting the importance of the study delivered by the Agustin Codazzi Geographical Institute, Turbay Ayala said, all things being equal, this document is as important as the botanical expeditions in their day. [Excerpt] [PA080318 Bogota Domestic Service in Spanish 2330 GMT 7 Jul 80]

FORMER MILITARY ADVISER REPEATS CHARGES OF SUBVERSION

PA030129 Panama City ACAN in Spanish 0023 GMT 3 Jun 80

[Text] San Jose, 3 Jul (ACAN-EFT)--Alberto Lorenso, former military adviser to the Costa Rican president, has said that the existence of guerrilla camps on the slopes of Orosi volcano was confirmed in April.

Lorenso stressed that the Costa Rican Government "has been meddling in the domestic affairs of El Salvador."

This is the fourth time Lorenso has denounced the Costa Rican Government in just a few days.

Citing his son, Daniel Lorenso, who worked for the National Security Office, he said a group of Salvadoran guerrillas was arrested toward the end of 1979. They were undergoing training in the central valley and "enough explosives to blow up downtown San Jose" were taken from them.

He said that following orders by Juan Jose Echeverria Brealey, then minister of public security, the subversives were even able to receive the "files" from the security forces containing data, fingerprints and pictures of each prison inmate.

Lorenso said he tried to find the training camps and located one of them on the slopes of Orosi volcano.

"It is easy to understand that the existence of this camp and the fact that it was tolerated by the government posed a very serious national and international political risk. Therefore the actions taken now should be far better than those taken concerning the Sandinista camps," he added.

He said that while he was in the area he noticed a helicopter which overflew the same spot for several minutes. "I asked if any flight had been authorized and I was told that none had been. Therefore the only possibility was that the craft was Nicaraguan and that it was bringing equipment and food to the camp," he noted.

He said some Nicaraguans who fled from their country unexpectedly stumbled upon the training site and were arrested. They claimed to be from Guanacaste (northern Costa Rican province) and said they were lost and so were released. But a guerrilla had already admitted that they were Salvadoran (as received).

Discussing the Costa Rican authorities' support for the Sandinist movement when it was fighting against the regime of Anastasio Somoza, Lorenzo stated that "those of us who followed this strange chapter in our history thought that was as far as the Costa Rican authorities would dare go on the pretext that there were sectors in the Sandinist leadership with a democratic conscience which would balance the process."

"In the case of El Salvador," he went on, "none of the guerrilla organizations struggling for power now has ever tried to hide its goal of establishing a Marxist-Leninist regime if it gets to power."

Concluding his charges the former adviser said that "my entire claim can be summed up by the total lack of responsibility by the former security minister who got the country involved in the war. The consequences of that could have been catastrophic for the Costa Rican people and the country would not have had the least material means available to cope with them successfully. Costa Rica became a trump card in the fight against Somoza."

"The systematic deceit of military advisers in the country and throughout the world was accomplished by drawing on the reserve of credibility accumulated by past generations of Costa Ricans and by dragging Costa Rica's prestige through the mud. That deceit destroyed one of the finest heritages of Costa Ricans and we were made to appear before the world as a pack of liars."

CGO: 2010

COSTA RICA

BRIEFS

DECLINING IMPORTS--Finance Minister Hernan Saenz has told a meeting of the U.S. Chamber of Commerce that beginning in March the government has been meeting its goal of reducing imports to 1979 levels. He said that imports were reduced by 5 percent in March, by 7.1 percent in April and by 14.5 percent in May, compared with the same months in 1979. [PA231547 San Jose LA NACION in Spanish 12 Jun 80 p 2A]

CSO: 3010



## KUCHILAN PLAYS U.S. 'PARADISE' FOR ABUSING CUBAN EMIGRES

Havana EXHIBIT in Spanish 13 Jun 80 pp 78-79

[Article by Mario Kuchilan Sol: "Look at Their 'Paradise'!"]

[Text] The French--to whom the independence of the 13 original colonies owes so much--are imbued in "liberty, equality and fraternity." In 1884 they presented the Americans with the colossal Statue of Liberty designed by Bartholdi. It is on Bedloe's Island at the entrance to New York harbor with its back to Manhattan. Almost a century later, someone said, in reference to this immense woman 152 feet in height on a pedestal of concrete and granite and laminated in copper, that liberty had remained outside and never entered U.S. territory.

The copper woman with her right arm raised in a Roman gladiator's salute carries an electric torch. She is diminished by contrast with the jungle of skyscrapers that frames her in the capitalist architectural landscape of New York City where every kind of lust and crime exists. It is not, of course, an ancient wonder of the world like, let us say, the Colossus at Rhodes. There in the ocean gateway this Tower of Babel wets its petticoats in a sea dirtied by gulls, the symbol of the greatest deception in history by being an incongruous representation of liberty which is nonexistent in the United States. There is only freedom to exploit one's neighbor under the most savage system of man preying on man.

Victor Palmieri is Carter's coordinator for refugee affairs. As part of the White House zigzagging--which goes back and forth like the waves of the sea--he jumped in ready to loudly defend the "misadvents." He asked critics of Carter's policy, in an unfortunate ricochet, "not to draw the fire of the reactionaries against the inhabitants of Fort Chafee" (sic). He said they are good people, they are like us, they are anticommunists. Give them a "quarter" and they will give you change.

Palmieri stated: "I am very worried that these people only need a little encouragement to believe that the old tradition represented by the Statue of Liberty is obsolete" (sic). Denial of the obsolescence of that mythical

tradition is rhetoric from Carter's antiquated lexicon. He added: "I believe that we must do everything possible to protect our values" (sic).

What values, mister? The values of a discredited morality which is like the buying power of the dollar: shrinking each day and losing everyone's confidence? The coordinator broke the needle on the cynicism barometer when he blandly concluded: "It has been a heroic task and I am proud of what we have achieved" (sic). One minute, Superman.

It was what is called semantically a blunder. The next day his chief, Carter, changes direction. In rough, sharp language, he again threatened the ship captains, "whatever their flag of origin," who are taking the Mariel-Florida route in June instead of August. He called "the shipping of refugees to the United States illegal" (sic).

Sofens always reads over my shoulder while I type. She cried:

"Oh, you shameless man! Why did you encourage taking children from their mothers, welcoming every clandestine dissident who arrived in the United States and offering them \$876 a month for 6 months? There has never been greater facility for lying and creating verbal chaos in the White House."

Photographs of the incidents resulting from the mistaken or branded foreign policy designed by Brzezinski and his boys in the National Security Council --all U.S. trilateralists--speak eloquently for themselves of the deceit, stupidity, taunting and the plethora of ideological indignities and oppression.

The "dissidents" who ran to the "paradise lost" and "paradise regained"--which have nothing to do with Milton's--eager for a Lee label on the seat of a child and a utopia that is in crisis, are not like the emigres from Colombia in 1789 or the 50,000 deserters from Washington's army who went to Canada because they disagreed with the independence of the 13 colonies from England. They are not even dissidents like the Batista fugitive murderers and thieves or those who fled to the "paradise" and were welcomed fraternally at the beginning of the catharsis.

These now are the scum of a whole vital process after 20 years of the most profound revolution in America. According to the voice of the people, they are:

The drugs, man, the drugs! They go to the "paradise" of drugs, prostitution, alcoholism, pornography, discrimination, beatings, gambling on every "corner," marijuana in the schools, the world record for crimes per minute, the genocide of Hiroshima and the crime of the Barbados and Coubre. The Ku Klux Klan is waiting to give them "paradise" to the hilt.

## PHOTO CAPTIONS

1. p 78. On his knees, with his hands handcuffed behind his back, his shirt bloodied by a repressive club, his pants wet from the damp earth of "paradise" regained, this antisocial has encountered what he never suffered in that fatherland he deserted. Seeking the proclaimed "American way of life" that filled him with false dreams of well-being, he encountered the reality of bourgeois truth. It is the "personal" stamp of Mr Carter's "open arms and heart." The result of his first encounter with "liberty" at his tender age is nauseating. "On your knees, dirty Cuban! on your knees, you Spanish son of a bitch...." On your knees, on your knees forever if you prefer to live like this, opposing the socialist destiny of a free fatherland.
2. p 79. This group of handcuffed "dissidents" chose the bourgeois lie because they did not want to live in peace with the revolutionary truth. The first, from left to right, is half-seated with his head hanging. Is he ashamed, humiliated, aching or afraid that he will be recognized at home? In the center with the blank eyes of a dead fish and wearing a dark shirt like a fascist, an anti-social wears a nervous smile at confrontation with the incredible. He is semierect so as not to touch the tennis shoes which he has already felt on his head. Behind him, stunned eyes emit sparks of hatred but against whom? Carter, himself or the henchmen who beat him? He has arrived in "paradise." The black on the right looks as if he sees the white sheet of a Klansman. It is his imagination. In this "paradise," he will continue running all his life with a white, blond, blue-eyed man with a club in his hand behind him. Last, another man seated wears a chain around his neck which he thought would identify him with his hosts. His hard face--said without negative implications--shows the infinite bitterness and deception of a deluded man. He looks like Calvino.
3. p 79. His aged face showing expatriate servility, this man tattooed the rough skin on his chin and forehead with mottoes of servile submission to Mr Carter and to life in the U.S. "paradise." Notwithstanding his "sacrifice" to flatter his masters, according to the UPI, he is one of the "dissidents" arrested in Fort Chafee for disturbances caused by impatience at the delay in "settling them." This rough face is the most faithful expression of what the drags means. This is the face of the excrement of a vital revolutionary process. The shadow of the wire fence that limits his living space falls on his face like an inverted crown of thorns. These are the drags, these are the dissidents, these are the expatriates, these are the worms. The face is the mirror of the soul.

4. p 79. Behind the grates, not made of bars but of chicken wire, two antisocials hang on to the rhomboidal outline of their isolation and look into the uncertain future that they have begun in their anticommunist delirium. The front one presses his face into the fence to imprint a future of shadows. They are men; men? They are youths on the road to ruin. Standing on the threshold of the destiny that they chose, they will be held for life, imprisoned in spirit by the oppressive system that destroys those who cling to it, fleeing the work that people do because they are not people.

7717  
CSO: 3010

PROFIT MOTIVE, SUPPLY, DEMAND LAWS OPERATE IN FARMERS MARKET

Havana BOHEMIA in Spanish 13 Jun 80 pp 56-57

[Article by Magda Martinez: "Farmers Free Market, A Step Forward"]

[Text] How many times have you wished you could obtain some agricultural product whenever you wanted it? Being able to go someplace and choose what you need. At that time it may have seemed like a dream. But suddenly it becomes something very natural and real. On Sundays you and your family, among the many tasks of that day, can leave early and travel to any town in the province. There is no reason to insist on any particular one. You can choose from Guines, San Antonio, San Jose de las Lajas or Guira de Melena. The place is not important. What is important is the activity itself. It is something new for us. Not the experience itself, which has been practiced for some time now in the socialist countries. Today you can take your shopping basket and go to the Farmers Free Market. Perhaps, rather, surely you will return. I guarantee it. You will be able to find what you are looking for. It will be there within your reach...

"Who wants yucca?," a loud voice blares out across the market from behind a counter.

"I do. Let me have 4 pounds," answers a man from the crowd milling around the stands at the Farmers Free Market in Bajual. The produce on the stands in the market comes from the Jose Marti Credits and Services Cooperative.

"Listen, yucca is 5 pounds for a peso," is the traditional cry that mingles with the fresh air of the day.

"Let me have a bunch of bananas," a gray haired woman says and adds, "Also a rabbit. It is necessary to have protein."

The Farmers Free Market opened in mid-May. They are open Monday through Sunday at 0700 hours. Farmers can arrive with their produce as late as 1600 hours and the market remains open as long as the goods last.



The farmer provides the produce and the people buy what they need. That is the system and there is no other. And, of course, it works. Of course, it is not exempt from the rigors of buying and selling. For example, in Betulcal, garlic was being sold at a certain price until the abundant supply forced a change. Should these or other prices be permanent ones? It is my understanding that the rate of sales has the final say. What if someone thinks the current prices are too high? It is possible. What if others feel the same way but are only trying to make purchases under the most just terms? That is also true. In short, the views and situations can be many and varied. But one thing is true: everyone is happy.

In Quivican, at one stand kidney beans, which everyone likes, were selling at a certain price but further in they were 20 cents cheaper. A soldier then asks the seller: "Are these beans fresh?" "Yes, they're from the second crop," the seller answers.

From a metal cage a number of chickens cackle continuously. Their weight varies as does their price. From a mule driven cart a man wearing a typical wide-brimmed hat is selling corn.

A short time ago we saw a colleague buying some mamee and a couple of pounds of taro. He greeted us enthusiastically and then became engrossed in his task again.

The strands of intertwined garlic hang in rows. In baskets we see cooking tomatoes, lemons, carrots and okra. Some want one thing but not another. At this particular time red onions were not in demand. Perhaps after awhile the situation will change and someone will be interested in buying. Actually, sellers and buyers adjust to each other's demands. There has been a shortage of squash. It has been somewhat scarce. Why? Because it was not profitable to grow it. And now, what will happen? It is true that it is making a comeback. But its price is higher than the traditional price. Nevertheless, we did not see any left over.

Here, a short 10 kilometers from the outskirts of the city, we see the same hectic activity. Behind the Altahabana Super Market, we find the stands, the farmers, the products and the people. Cheese, coconut, flowers and rice are offered for sale. A few minutes ago all the mangos and Spanish limes were sold out.

"Look at the black beans. You can buy them here," the seller continuously offers his product which is at his side in sacks.

That was my experience on Sunday. But the scene is repeated every day of the week. People come and go with a full or empty basket. Everyone is happy. This is the result of general agreement on such a brilliant idea. This is easily seen. Now incentives will come into play also and everyone will work to produce more. The farms, in addition to being more efficient, will increase their output and the people will have their needs met fully as called for by the basic law of socialism.

## EDUCATION MINISTRY INSPECTION RESULTS PUBLISHED

Havana GRANMA in Spanish 10 Jun 80 p 3

[Text] During a 10-day period, the provinces of Guantanamo, Granma, Las Tunas, Camaguey, Ciego de Avila, Sancti Spiritus, Villa Clara, Matanzas, City of Havana, Pinar del Rio and the special municipality of Isle of Youth underwent the most extensive inspection yet performed by the MINED [Ministry of Education], which also involved personnel from the Ministry of Public Health and the INDER [National Institute for Sports, Physical Education and Recreation].

Later, at a meeting held at MINED headquarters, the vice ministers and directors of that body reported to Jose R. Fernandez, member of the Central Committee of the Communist Party of Cuba, vice president of the Council of Ministers and minister of education, regarding the most notable achievements and deficiencies indicated by the heads of the committees that conducted the inspection.

The deficiencies found in nearly all the provinces visited are the low quality of methodological preparation and the limited attention given it, problems with attendance and punctuality among teachers and instructors, inadequate care of social and personal property, improper maintenance in some schools and low retention of students, all of which affect the quality of educational work.

The provinces of Matanzas, Villa Clara and Pinar del Rio stand out because of the achievements there with respect to elimination of the deficiencies just noted.

Farm schools visited in Matanzas reflected a magnificent attitude regarding productive farm work, and this leads to good results in production and a clear sense among the students of the educational purpose of the activity.

In Villa Clara, the promotion rate at all levels and conduct are worthy of praise.

In Pinar del Rio, a positive effort in general was also observed.

The provinces of Santiago de Cuba, Holguin, Cienfuegos and Havana were not inspected. It is known that, in general, they have done a good job.

### Problems

A total of 61 schools were visited in Guantanamo. Problems were observed with respect to the quality of educational work, especially in promotion rates, retention of students in school, and teaching. Regarding the last elements, qualitative changes have been achieved. At the day care centers, problems with methodology were noted.

In Granma Province, there is a significant number of dropouts from polytechnic and secondary schools; the promotion rate in college preparatory schools is still low. There are problems involving construction in the schools in the Yara and Veguitas regions.

In the municipality of Manzanillo good educational work is being done, and the school boards are giving strong support to education.

In Las Tunas, the problems are found in the first term of the primary level, especially in rural areas. They are, for example, failure to follow guidance for the teaching process and physical problems. This is primarily true of the municipalities of Manati and Jobabo.

In the schools in Sierra de Cubitas, Camaguey Province, there is a low rate of retention of students in school, especially in secondary and technical schools, and thus the work should be improved so that dropping out will be prevented. The promotion rate this year has not reached the required level, and results similar to those of last year are expected.

Ciego de Avila has weak methodological work, which affects the teaching process and, therefore, advancement. Retention of students in secondary, college preparatory and technical and professional training schools is not good. Moreover, there are problems with school buildings as well as poor care given to social property.

Inadequate distribution of textbooks makes it difficult for students to learn.

Little attention is given to students' deficiencies in their school subjects. All this results in problems concerning the promotion rate.

In Sancti Spiritus, improved farm production work has been noted. However, there are problems regarding the return of students who leave on passes. Also, several schools have problems with building construction and maintenance.

In Havana, in the two municipalities visited, problems were observed concerning the lack of organization and supervision of work, as well as

limited implementation of measures recommended in previous inspections. Among primary-level boarding schools, inadequate attention to the quality of life of students in general was observed.

The province has serious physical problems in its schools because of lack of maintenance. Moreover, the distribution of basic school and living materials by the enterprises concerned needs to be improved. In addition, the necessary laboratories must be set up.

In the 44 schools visited in the Isle of Youth special municipality, deficiencies were found in teaching and retention of students.

Students' attitudes regarding [farm] production work has improved. However, there are organizational problems concerning utilization of that labor force for other tasks when there is not enough farm work to do.

There are serious problems involving methodology among instructors, which affects the promotion rate qualitatively and quantitatively.

On concluding the inspection on 23 May, all the committees met with the party, the government and the mass organizations to report on progress made and deficiencies as well as to determine measures for elimination of the problems that for some time have affected the education of the new generations.

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## POPULATION CONTROL CREDENTIALS

Havana GRANMA in Spanish 13 Jun 80 p 3

[Text] Ministry of Interior Resolution No 7 of this year has placed in effect the credentials to be used by officials of the ID Card and Population Registry Office to facilitate inspection visits by that department to agencies, enterprises, institutions and organizations.

According to that resolution, the word "credentials" appears in large red letters in the upper center of the front of the document. Below that, after the name of the bearer and his ID number, is the statement that he is an official of the ID Card and Population Registry Office and "is authorized to carry out visits to verify compliance with the ID Card and Population Registry System." Below that the place and date the credentials were issued are indicated.

On the back, the official's photo appears on the upper left. Then, in the center is the national emblem, and below that are the words "Republic of Cuba, Ministry of Interior."

Below the photo, toward the center, the bearer's signature appears; and below it is the word "I certify" and the signature of the party certifying. Finally, at the lower left is the number of the document.

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## BRAZILIAN DEPUTIES VISIT COUNTRY

### Fernandez Receives Deputies

FL091441 Havana Domestic Service in Spanish 1400 GMT 9 Jul 80

[Text] Jose Ramon Fernandez, member of the FCC Central Committee and minister of education, has received a group of Brazilian deputies at his ministry's office. The delegation, which has been visiting Cuba over the past few days to learn about the revolution's gains in various spheres, is headed by (Fernando Moray) and composed of members of the Socialist Democratic Party, Brazilian Democratic Movement and Workers' Party.

During their visit to the Education Ministry the delegation was extensively briefed on the development of education in our country and the implementation of the plan for improving the national education system. Earlier in the day, the Brazilian deputies visited the Ministries of Foreign Relations and Foreign Trade, the People's Government National Assembly and its local branch in Havana as well as the psychiatric hospital and the Vladimir I. Lenin Vocational School.

### Mell Meets Deputies

FL111224 Havana Domestic Service in Spanish 1100 GMT 11 Jul 80

[Text] Oscar Fernandez Mell, member of the PCC Central Committee and president of the Provincial People's Government Assembly in Havana, has received a delegation of Brazilian deputies headed by Fernando de Moraes. During the fraternal meeting the visitors were briefed on the structure, functions and mechanisms of the provincial people's government organs.

### Deputies' Activities

FL111749 Havana Domestic Television Service in Spanish 1700 GMT 11 Jul 80

[Text] A delegation of Brazilian deputies, members of several political parties, including the governing Social Democratic Party, has visited the Casa De Las Americas, where they were received by Haydee Santamaria. Participating in the fraternal meeting were Roberto Fernandez Retamar, vice president of the Casa De Las Americas, and other officials. Friendship and unity between American peoples and the institution's cultural activities were some of the topics taken up during the talks.

## COMMENTARIES ON REPRESSION IN EL SALVADOR

## Repression, Junta Supporters Assailed

PAD60202 Havana International Service in Spanish 2310 GMT 4 Jul 80

[Our America Commentary]

[Text] The serious situation existing in El Salvador, where the Christian Democratic Party [PDC]-military junta wages a brutal extermination campaign against the people, is not only a crime against humanity but also an offense to the sensibility of all men and women in the world.

Today, in El Salvador there is being decided not only the future of this Central American country, which heroically fights against tyranny and for its final liberation, but also the attitudes which other governments and regional organizations will assume toward the struggle of the people of our America.

Regarding the Salvadoran people, the U.S. Government has assumed the attitude it has always assumed toward Latin American nations. It gives political, economic and military aid to the tyranny which tries to drown in blood the peoples' just protests.

U.S. imperialists also threaten with direct intervention in El Salvador and implement all sorts of maneuvers to deprive the people of their rights.

Meanwhile, what attitude have the governments of other Latin American countries assumed, especially the neighbors of El Salvador and the regional organizations? The Guatemalan and Honduran regimes offer political and material support to the Salvadoran PDC-military junta. This charge was made by revolutionary, political and religious organizations in these three countries. Guatemalan and Honduran soldiers cooperate with Salvadoran repressive forces in the annihilation of peasants and other persons who try to cross the border fleeing from death.

Last week, the Episcopate of Santa Rosa De Capon in Honduras accused Honduran soldiers of having cooperated with Salvadoran repressive forces

in the massacre of some 600 Salvadorans, including many women and children who tried to cross the border between the two countries to flee the repression of the Salvadoran army.

On Tuesday, the San Pedro Sula Bishop, Monsignor Jaime (name indistinct) confirmed the complicity of the Honduran soldiers in this massacre and said the Honduran Government has tried to conceal this fact. There are many protests in El Salvador and Venezuela concerning the political and material support given by the Venezuelan Government to the Salvadoran military junta, which brutally represses this Central American people.

Meanwhile, Costa Rica's president organizes a new circus show regarding the antisocials and criminals who left Cuba recently and whom he and the imperialists try to describe as refugees demanding the attention of the international community. Why doesn't Rodrigo Carazo worry about the thousands of Salvadorans murdered and the thousands who try to flee El Salvador to escape certain death?

Meanwhile, the OAS and the Andean Pact have remained completely silent about this criminal situation existing in El Salvador. Moreover, the Mexican Government maintains a different attitude. Its foreign minister, Jorge Castaneda, told newsmen on Tuesday that his government deeply regrets the repression existing in El Salvador and deplored that the U.S. Government gives military aid to the Salvadoran military-PIC junta.

Revolutionary and progressive governments, as well as people all over the world, have expressed their total solidarity with the just struggle of the Salvadoran people. Theirs will also be the victory which will be unavoidably attained by the people of Farabundo Martí. Those who support the criminal PIC-military junta in El Salvador will have to share the unavoidable defeat and the rejection and condemnation of all humanity.

### Repression Scored

FL040172 Havana Domestic Television Service in Spanish 0000 GMT 4 Jul 80

[Commentary by Caridad Bermudez]

[Text] The news being received from El Salvador continues to be increasingly brutal. An attempt is being made there to drown the just struggle of the Salvadoran people with today's most shameless, unrestricted and genocidal repression. But it must be said that such a cruel repression is possible because a battle to the death is being waged by an entire nation with revolutionary firmness. With each hour that passes, despite the great diversionary campaign being conducted by imperialism, it is becoming increasingly evident that the military-Christian Democratic formula is directed at maintaining in power the military regime, which is corrupted and has sold out to imperialist interests.

Oligarchy and imperialism tried to divide, block and destroy the people's forces and their armed militia with the crude maneuver of a civic-militia junta, with an agrarian reform which has only had a result of hundreds of murdered peasants and indiscriminate operations of extermination. The official press, the Western news agencies and the U.S. newspaper monopolies as well as those of other countries where Christian Democratic Parties hold power or have influence present the revolutionary war in El Salvador as a struggle between groups of extreme left and the mediating reformist junta.

There is no truth that can be made to disappear and that is why in the reports where it is slanted, it is more than clear that there are people in the streets of El Salvador fighting tirelessly and with heroism and this has been proved beyond any doubt. Where, we ask, are the human rights in El Salvador? What is the Andean Pact doing about it? Perhaps the rumors of an intervention to frustrate the revolution are true. What is the good-natured and open-hearted Mr Carter doing about it, besides speaking nonsense? That we know very well. He is moving around his obscure resources to steal from the Salvadorans their victory.

The anti-Cuban campaigns have been great. The noises against Afghanistan and people's Kampuchea have been loud. There have been many orchestrated meetings aimed at solving the problem of the atom. Many lies are told about the 1,000-times heroic Vietnamese people, but the truth cannot be told about El Salvador. Evidently the junta has failed them, which is why everybody must remain alert. Imperialism knows that its fate in Central America will be decided in El Salvador. That is why it will not hesitate to even carry out a direct intervention if their Latin American buddies also fail them. But the Salvadoran people will not hesitate now that they have a united vanguard. The future belongs to the people of that small American people because they have earned it on their own right and have gained it in a hard-fought battle.

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## VILMA KIPIN ADDRESSES UN CONFERENCE ON WOMEN

[VL16/129 Havana Domestic Service in Spanish 2018 GMT 16 Jul 80]

[Text] Cuban leader Vilma Kipin has stated that the planet's women, especially those in developing countries, today endure the threat of a world war and a precarious international situation. The President of the Federation of Cuban Women was speaking today at the World Conference on the UN Decade of Women being held in Copenhagen from 14 to 30 July.

Vilma Kipin said that the arms race intensified beginning with the second half of 1979 and cited the deployment of new nuclear missiles in Western Europe. She also referred to the U.S. military presence in the Caribbean and Indian Ocean and the U.S. government's creation of rapid deployment forces.

Vilma said she believes the first request of the meeting should be an energetic call for strengthening peace and international security for all states and peoples in the world. She indicated that peace is the responsibility of all and stressed it will never be stable and long-lasting if the interests of Asian, African and Latin American countries are not taken into consideration as well as those problems implied in their economic and social development.

Vilma Kipin added that together with the deterioration of peace there has been a worsening of the economic crisis being experienced by Western industrialized countries, whose worst consequence fall upon the economies of developing countries. The women's leader recalled that the Sixth Nonaligned Countries Summit had shown the collective capability of the leaders of the so-called Third World to strengthen their countries' sovereignty.

Vilma reiterated the need for a new international economic order, citing the proposal made by the chairman of the Nonaligned Countries Movement, Fidel Castro, that the flow of financial and material resources should be increased by not less than 300 billion dollars during the next UN Decade for Development.

Referring to the progress made by women in Cuban society, Vilma explained that Cuba has confronted all types of U.S. aggressions, including an economic blockade still in force. She said that Yankee hostility toward Cuba has increased in recent times and that the time has come for the U.S. government to accept the reality of the existence of an independent and sovereign Cuba which is forging its own destiny.

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## BRIEFS

**PROBLEM ON RICE PLANTATIONS**--A state of emergency must be declared in all rice plantations in Pinar Del Rio Province, Jaime Crombet, member of the PDC Central Committee and first party secretary in that province, has proposed because of the drought affecting areas of that type of cultivation. By June's end Pinar Del Rio had fulfilled its winter planting plan which amounted to 2,000 caballerias of rice and will try to plant 130 more in the first part of July of the remaining 600 caballerias earmarked for winter planting. Crombet made the proposal because of the difficult situations the plantations are going through and the weeds affecting areas already planted. [Text] [FL091214 Havana Domestic Service in Spanish 1100 GMT 9 Jul 80]

**SOLID MINERALS STUDY**--The deepest well in the country's central region for the study of solid minerals is under excavation near Trinidad. This is the last stage of the field work by the Cuban-Czechoslovak expedition that is making a geological survey of the Escambray. More than 440 meters of the 500 meters planned have been drilled since March. [FL072352 Havana Domestic Service in Spanish 2300 GMT 7 Jul 80 FL]

**MGA PARTY ASSEMBLY**--A total of 343 delegates attended the party's evaluation assembly in Mao chaired by Francisco Perez Olivera, alternate member of the party's Central Committee. Manuel Sarmiento Sotelo was elected first party secretary in the municipality. [FL072352 Havana Domestic Service in Spanish 2300 GMT 7 Jul 80 FL]

**ADMINISTRATORS' VIOLATIONS**--A total of 121 administrators will be penalized in Holguin Province for violating regulations in the commerce and restaurant network. This was the result of inspections carried out from February to May in several municipalities. There were violations to the right of purchase, favoritism, lack of merchandise in sales areas, faulty balances, price fixing and hoarding. [FL072352 Havana Domestic Service in Spanish 2300 GMT 7 Jul 80 FL]

**NEW CONGOLESE AMBASSADOR**--Comrade Carlos Rafael Rodriguez, vice president of the Council of State, this morning received in a formal audience Mr Medard Ndomengoh, who presented his credentials as ambassador of the



People's Republic of the Congo. Comrade Isidoro Mainieros, minister of foreign relations, also took part in the audience. Afterwards the ambassador and his group visited Revolution Square and placed a wreath at the foot of the Jose Marti Monument. [Text] [FL080058 Havana Domestic Television Service in Spanish 0000 GMT 8 Jul 80]

ETHIOPIAN TRANSPORTATION MINISTER--Jesus Montane Orueza, member of the Central Committee, has received Yusuf Ahmed, minister of transportation of Ethiopia. During the meeting, which took place in a fraternal and friendly atmosphere, they exchanged information on the situation in both countries. Raul Curbelo Morales, member of the Central Committee and chief of Cuban cooperation in the fraternal country, also participated in the meeting for the Cuban side, as well as other officials of the party's General Department of Foreign Relations. (Ailulu Kebede), first secretary of the Ethiopian Embassy in Cuba, was present for the Ethiopian side. [Text] [FL072249 Havana Domestic Service in Spanish 2130 GMT 7 Jul 80]

CIA OPERATIONS IN JAMAICA--The newspaper GRANMA today publishes an article titled "The Jamaica Plan" by Comrade Gabriel Molina which notes that the CIA station [in] Jamaica has almost doubled in size, making it the largest in the Caribbean area. This indicates, it adds, how much the CIA role has radicalized and to what extent the overthrow of Prime Minister Manley's government has become a strategic objective. In 1976 former CIA official Phillip Agee revealed the names and responsibilities of nine CIA officials and other members of the Kingston station. Last Wednesday U.S. investigator Louis Wolfe, copublisher of COVERT ACTION, the information bulletin, identified 15 members of the present station. The group is made up, according to subsequent reports, of one chief of station, the deputy chief, five operations officers, two communications officers and one due to arrive this week and five secretaries and activists. GRANMA notes that Prime Minister Manley had stated to the U.S. magazine NEWSWEEK that a war of nerves has been declared against his government and that it is being predicted that bankruptcy would occur in July. The denunciation by COVERT ACTION calls the CIA station the party responsible for the coupist attempts. Comrade Molina points out that it is no coincidence that just a few weeks ago the U.S. Congress adopted an amendment to the National Security Act of 1974 forbidding the unauthorized revelation of information identifying certain officials, informers and sources of information of the U.S. Central Intelligence Agency. Such action is part of the entire effort mounted by the Carter government to return to the CIA the prerogatives for covert operations--the dirty work, as it is known by in Washington--without reporting to Congress. [Text] [FL071606 Havana Domestic Service in Spanish 1415 GMT 7 Jul 80]

FINAR DEL RIO LABOR MOVEMENT--Roberto Veiga, member of the PCC Central Committee and secretary general of the Central Organization of Cuban Trade Unions (CTC), has congratulated Pinar Del Rio's Labor movement for the results achieved in the evaluation process of the CTC provincial secretariat.

and the progress noted during a recently conducted tour of inspection and assistance. The letter of congratulations, which fulfills an agreement of the CTC National Secretariat, also recognizes the efforts of Pinar Del Rio's masses which, under the sound leadership of their trade union movement and party, fulfill the historic task of building socialism. [Text] [FL081151 Havana Domestic Service in Spanish 1100 GMT 8 Jul 80]

FMC SPECIAL DRIVE--The Federation of Cuban Women [FMC] will conduct a special drive from 8 to 23 August to fulfill 20 objectives in honor of the 20th anniversary of the organization, Dora Carcano, alternate member of the PGC Central Committee and FMC secretary general, has announced. The main event commemorating the 20th founding anniversary will be held on 23 August at Havana's "Carlos Marx" Theater. [FL081021 Havana Domestic Service in Spanish 1000 GMT 8 Jul 80 FL]

PILOT MILITIA GROUP--The first experimental battalion of the territorial militia has been established in Matanzas. Officiating at the swearing-in ceremony were Julian Rizo Alvarez, member of the Central Committee and first secretary in Matanzas Province, and Lt Col Rene Garcia Herrera, chief of staff of the Central Army. [FL080150 Havana Domestic Service in Spanish 2300 GMT 7 Ju. 80 FL]

NEW RADIO OFFICIAL--Nearly 200 correspondents and journalists have attended a seminar organized by Radio Reloj in Havana. The new director of Radio Reloj was introduced at the seminar. He is Comrade Omar Mendoza. [FL080150 Havana Domestic Service in Spanish 2130 GMT 7 Jul 80]

NEW RECORDING STUDIO--Commander of the Revolution Juan Almeida and Culture Minister Armando Hart, both members of the Politburo, have chaired the official inauguration of the Siboney Recording Studio in Santiago de Cuba. At the ceremony Hart presented Almeida a silver master record of some of Almeida's own songs. The studio will be responsible for recording soloists and groups in Ciego de Avila, Camaguey, Las Tunas, Holguin, Guantanamo, Granma and Santiago de Cuba provinces. [FL080150 Havana Domestic Service in Spanish 2130 GMT 7 Jul 80 FL]

MUNICIPAL PARTY ASSEMBLIES--The party's evaluation assembly in the municipality of Boyeros, Havana City Province, has been chaired by Jose Ramon Machado Ventura, member of the Politburo. Also present was Jorge Valdes, second party secretary in the capital. The 386 delegates elected the municipal committee made up of 89 members and 9 alternates and elected as first and second secretaries Orlando Garcia and Evelio Ortega, respectively. The municipalities of Habana Del Este and Cotorro in Havana City Province also held party evaluation assemblies. The Habana Del Este assembly was chaired by Oscar Fernandez Neil, member of the Central Committee, and was held at the Maximo Gomez Revolutionary Armed Forces Academy Theater. The Cotorro assembly was attended by 342 delegates who elected the municipal committee made up of 71 members and 5 alternates. Rogelio Jauregui and Jorge (Ruiz Enriquez) were elected first and second secretaries, respectively. [Text] [FL082157 Havana Domestic Service in Spanish 2130 GMT 8 Jul 80]

ALGERIAN PRESIDENT CONGRATULATED--Algeria's president, Chadli Bendjedid, has received a message from our commander in chief, Fidel Castro, containing the Cuban Government's congratulations on the 18th anniversary of Algeria's independence. The Algerian News Agency published the full text of the message in which the president of the Councils of State and Ministers and Cuba confirms the tie of friendship that binds the two peoples and countries. We will continue to strengthen relations of fraternity and cooperation between Cuba and Algeria, Fidel says in his message. [Text] [FL08111] Havana Domestic Service in Spanish 2300 GMT 8 Jul 80]

EJT'S PRODUCTIVE FORCE--The Youth Labor Army (EJT) has been recognized once more as the country's most productive force when it cut 618 million arrobas of sugarcane with a per man productivity of 275 arrobas in the just concluded sugar harvest. These results speak very clearly of the efforts made by the EJT members and the discipline and organization they have in the production. Army Gen Raul Castro, minister of the Revolutionary Armed Forces, has congratulated all EJT members for having fulfilled the mission assigned to them by the party and state. [Text] [FL081274 Havana Domestic Service in Spanish 1045 GMT 8 Jul 80]

CIEGO DE AVILA PARTY PLENUM--PCC Politburo member Armando Hart Davalos has chaired the ninth provincial party plenum in Ciego De Avila, the host city for the 26 July commemoration. During the meeting the participants examined the preliminary evaluations of the members of the provincial party committee, various reports on cadre policy, the plan for the growth of the Union of Young Communists and composition of militancy and other matters. The preparations for the next school term, the work of the people's government organs and economic and social guidelines for the 1981-1985 5-year period-- slated to be approved by the Second PCC Congress-- were also discussed in the plenum. Francisco Herrera, second party secretary in Ciego De Avila Province, in closing remarks, characterized the meeting as profound and analytical and another successful event of hard work. [Text] [FL091109 Havana Domestic Service in Spanish 1045 GMT 9 Jul 80]

CIEGO DE AVILA CDR--Armando Acosta, member of the PCC Central Committee and national coordinator of the Committees for the Defense of the Revolution (CDR), has congratulated the members of Ciego De Avila Province's CDR for having accomplished this year's tasks. The letter states that this success in honor of the 26 July anniversary, the Second Party Congress and the 20th CDR anniversary speaks highly of CDR perseverance and revolutionary work. [Text] [FL101257 Havana Domestic Service in Spanish 1100 GMT 10 Jul 80]

LATIN AMERICAN, AFRICAN WOMEN--For the purpose of exchanging experiences and learning about the work of the Federation of Cuban Women (FMC) in Villa Clara Province, a group of 53 Latin American, Caribbean and African women has arrived in Santa Clara. These women have just graduated from the FMC National Cadre School. During their stay in the capital of Villa Clara, which will last until Sunday, the group will hold meetings with members of sanitary brigades and social workers and will participate in FMC block and delegation meetings. [Text] [FL101321 Havana Domestic Service in Spanish 1100 GMT 10 Jul 80]

**SOLIDARITY WITH POLISARIO FRONT**--A ceremony of internationalist solidarity with the Polisario Front was held at the Communications Ministry's auditorium, sponsored by the Communications Workers Trade Union and the Cuban Movement for Peace and Sovereignty of Peoples. Chairing the event were First Vice Minister of Communications Eng Rene Hernandez Cartaya, (Salek Mohamed), first secretary of the Saharan Democratic Arab Republic's Embassy, and representatives of the communications union, the MPSP and political and mass organizations. (Salek Mohamed) made a speech on behalf of his country's diplomatic mission and Dionisio Cabezas, second secretary of Havana city's provincial committee of the Communications Workers Trade Union, for the Cuban workers. A documentary film on outstanding aspects of the struggle being waged by the Polisario Front in Western Sahara was shown at the conclusion of the speeches. [Text] [FL091506 Havana Domestic Service in Spanish 1402 GMT 9 Jul 80]

**NEW SUGAR MILL**--The preliminary studies for the location and construction of a new sugar mill--to be called "Batalla De Cacarajicara"--beginning in 1982 were examined in a Pinar Del Rio meeting chaired by Jaime Crombet, member of the PCC Central Committee and first party secretary in that province. The mill, the second of the type to be built in that territory, will be located in an area known as Arroyo De Piedra, municipality of Bahia Honda. [FL11241 Havana Domestic Service in Spanish 1100 GMT 11 Jul 80 FL]

**CIEGO DE AVILA LABOR MOVEMENT**--Roberto Veiga, member of the PCC Central Committee and secretary general of the Central Organization of Cuban Trade Unions (CTC), has sent a letter of congratulations to Ciego De Avila's labor movement for having achieved victory in the battle for a sixth grade education. In his letter the leader says he shares the joy being experienced by Ciego De Avila residents for having fulfilled that task in honor of the Second PCC Congress and the 27th anniversary of the storming of the Moncada barracks, whose commemoration will take place precisely in that territory. Veiga notes that the firm determination of the workers of Ciego De Avila to fulfill the tasks needed to build the socialist society has been clearly demonstrated. The letter also acknowledges the efforts of all those who contributed to the educational success, fulfilling at the same time all economic plans. In closing Roberto Veiga said that with the same enthusiasm with which the battle for a sixth grade education was waged and won, the residents of Ciego De Avila should undertake the one for a ninth grade education, and urges all workers to continue to struggle for new and greater gains. [Text] [FL111207 Havana Domestic Service in Spanish 1100 GMT 11 Jul 80]

**GERMAN CERAMIC EXPERTS**--A group of GDR experts has arrived in the Isle of Youth to help in the ceramics exports industry which the people's government is promoting this year on the Isle of Youth. Headed by (Gerlein Wolfgang), director of the (Sannenvor) Machinery Enterprise, the group visited the "2d Congress" Plant, the largest of the (?10) under construction there. The plant will operate with GDR technology.



Roberto Ogando, president of the people's government assembly on the Isle of Youth, accompanied the visitors and told them that ceramics will be one of the special municipality's main exports within the next 10 years. [FL112347 Havana Domestic Service in Spanish 2130 GMT 11 Jul 80 FL]

MONGOLIAN ANNIVERSARY--The Cuban Institute of Friendship With the Peoples [ICAP] has hosted a party at ICAP's headquarters to mark the 59th anniversary of the revolutionary victory in Mongolia. Mongolia's ambassador to Cuba, Uchiryn Tsend; Jorge Gallardo, vice president of the ICAP; and Orestes Quintana, [Asia] section chief of the Central Committee's General Department of Foreign Relations attended the event. Also present were Clementina Serra, vice president of the Cuban Committee for the Peace and Sovereignty of the Peoples; Hector Garcini, vice president of the Cuban-Mongol Friendship Association; Ricardo (Banza), second chief of the Foreign Ministry Asia section; and other officials. [Text] [FL11234] Havana Domestic Service in Spanish 2130 GMT 11 Jul 80]

KOREAN REUNIFICATION GATHERING--The Cuban Committee in Support of the Reunification of Korea has organized a friendly get-together at the Cuban Institute of Friendship With the Peoples [ICAP] on the occasion of the day of world solidarity with Korea sponsored by the Afro-Asian-Latin American people's solidarity organization. The brother country's ambassador to Cuba, Yi In-chun; Jorge Gallardo, vice president of the ICAP; and Clementina Serra, president of the Cuban Committee in Support of the Reunification of Korea attended the event. [FL112347 Havana Domestic Service in Spanish 2130 GMT 11 Jul 80]

SAO TOME ANNIVERSARY--The proclamation of Sao Tome and Principe's independence is a symbol of the inevitable advance of African nations toward freedom and justice. This was stated by Jesus Montane, member of the party Central Committee, at the main event to mark the 5th anniversary of independence. The event was held at the Construction Ministry's Granma Hall in Havana. Montane said that the establishment of the Democratic Republic of Sao Tome and Principe on 12 July 1975 was, along with the liberation of Angola, Mozambique, Guinea-Bissau and Cape Verde, a definite blow to the more than 500 years of Portuguese colonial domination in the continent. He said that these victories are joined today by that of Nicaragua, the overthrow of the Shah of Iran, the demolishing blows of Vietnam and the heroic deeds of the Salvadoran people. [Text] [FL1121911 Havana Domestic Service in Spanish 1429 GMT 12 Jul 80]

FAO AID ACCEPTANCE--Cuba has proposed that the nonaligned countries accept a FAO offer of aid by experts. The Cuban delegation made the proposal in a meeting of the nonaligned movement's agriculture and food coordinating group held in Belgrade, Yugoslavia. In Poznan, a Polish city some 300 kms from Warsaw, Cuba is also participating in the 52d meeting of the CEMA Standing Committee for Agriculture. The meeting is discussing an increase in cooperation in the area of cereals and in the production of corn as well as cooperation in veterinary medicine. [Text] [FL091136 Havana Domestic Service in Spanish 1000 GMT 9 Jul 80]

ICAP, ANTONIO MACEO MEET--Rene Rodriguez and Jorge Gallardo, president and vice president, respectively, of the Cuban Institute for Friendship With Peoples [ICAP], participated Sunday in a friendly meeting with members of the third contingent of the Antonio Maceo Brigade. The meeting, which was held in Havana, was attended by the youths who were taken from Cuba by their parents and members of the ICAP leadership and leaders of the Ministries of Culture and Foreign Relations. [Text] [FLO80936 Havana Voice of Cuba in English to North America and the Caribbean 0500 GMT 8 Jul 80]

NEW CHIEF JUSTICE--In a simple solemn ceremony the new chief justice of the People's Supreme Court, Jose Raul Amaro Salup, was sworn in this afternoon. Present in the ceremony at the main hall of the People's Supreme Court were PCC Poliburo members Ramiro Valdes and Jose Ramon Machado Ventura and Raul Roa, acting president of the People's Government National Assembly. During the ceremony the new lay judges of that high judicial organ's civil and military courts also were sworn in in accordance with the resolution of the last session of the National People's Government Assembly. In his closing remarks Machado Ventura noted the virtues of the retiring chief justice, Dr Enrique Hart, and expressed the confidence of the government and party in the new comrades who will dispense justice in our country at such high level. [Text] [FL150101 Havana Domestic Television Service in Spanish 0000 GMT 15 Jul 80]

HOLGUIN PARTY MEETING--Ramiro Valdes Menendez, member of the Central Committee Poliburo, has attended the party's evaluation, election and/or reelection assembly in Holguin Municipality, the 12th in Holguin Province that has concluded the process leading to the 2d congress. The 392 delegates to the meeting evaluated the report on activities carried out since 1979 to date. The document shows substantial achievements in the economic, political and social areas. Alfredo Mas Betancourt was reelected first party secretary in Holguin. In reading the report, he said that 56 percent of party members on Holguin are directly involved in production, services and education, a figure which corresponds to the objectives set out in the 1st congress. A total of 78 members and seven alternates make up the party's municipal committee, which, in its first session, elected its executive bureau of 11 members. Also elected were 94 delegates to the provincial assembly while five others were nominated to the party's Central Committee. [Text] [FL141307 Havana Domestic Service in Spanish 1100 GMT 14 Jul 80]

HAVANA PARTY MEETING--Jose Ramon Machado Ventura, member of the party Poliburo, has chaired the evaluation, election and/or reelection assembly in Plaza De La Revolucion Municipality. This concluded the process leading to the 2d congress in Havana. Also present were Julio Camacho Aguilera, member of the secretariat and first party secretary in



Havana City Province; other members of the Central Committee, and several ministers, among others. The 542 delegates there critically analyzed the main report which covers the work done since July 1977 to date. It basically emphasizes the deficiencies recorded during this period. The document makes a thorough evaluation of the party's internal life and highlights the progress made in the social makeup of its militancy in keeping with the agreements from the 1st congress. It also says that the administration of enterprises in the municipality shows a favorable balance, since gross production increased by 9.6 percent (in relation to the previous year, whereas the workers' average was 2 percent [phrase as heard] and the average wage was 5.2 percent higher. Concerning construction plans, the report says that unfulfillment occurred in the plans. Nevertheless, nine residential buildings and one supermarket for 300 consumers were built during the period. Four nurseries for 720 children, an outpatient clinic for 5,000 residents and a secondary school for 1,200 students were also built. The delegates elected the new executive bureau (as heard) made up of 89 members and nine alternates, who, in their first meeting, elected the bureau headed by Juan Nestor Lima Guerrero and Miguel Comas, first and second secretaries, respectively. [Text] [FL141309 Havana Domestic Service in Spanish 1100 GMT 14 Jul 80]

SANCTI SPIRITUS PARTY MEETING--The evaluation, election and/or reelection process preceding the 2d Communist Party Congress in Cuba has concluded in Sancti Spiritus Province with the party assembly in Sancti Spiritus Municipality. The assembly was chaired by Antonio Perez Herrero, member of the party Central Committee Secretariat. It elected the new municipal committee, which, in its first meeting, elected Hector Rodriguez and Alberto Martinez as first and second secretaries, respectively. The eight municipal assemblies were noted for their wideranging and critical analysis of the reports presented on the party's work since the last assemblies to date. The documents highlight the fulfillment of agreements and resolutions of the 1st Party Congress and the attention given to the execution of economic, educational, social and health plans. In their respective assemblies, the party members came out in support of the preparations for the coming sugar harvest, the upgrading of vegetable and tuber growing plans, and the development of cattle raising and other agricultural areas. [Text] [FL141347 Havana Domestic Service in Spanish 1100 GMT 14 Jul 80]

VOCATIONAL SCHOOL GRADUATION--Commander of the Revolution Juan Almeida Bosque and Universo Sanchez, member of the Granma expeditionary force, have chaired the graduation of 186 students as bachelor or arts and sciences at the Camilo Cienfuegos Vocational School, located at Kilometer No 121/2 of the Penalver Road in Guanabacoa. Student Reinaldo Rodriguez had the best record while Lidia Coralda Dea and Rita Gil Vilanova were selected vanguard of the school term. Others chairing the ceremony were Col Manuel Penado of the Revolutionary Armed Forces Political Directorate and Capt Sergio Perez Benitez, director of the educational center. [Text] [FL142330 Havana Domestic Service in Spanish 2130 GMT 14 Jul]

CIEGO DE AVILA PARTY MEETING--Chaired by PCC Politburo member Armando Hart and Rafael Valdes, first secretary of the provincial party committee, the assembly meeting to evaluate, elect and/or reelect party officers was held in the municipality of Ciego De Avila. The 398 delegates representing the municipality's communists discussed and approved the main report, which was read by Juan Alvarino Armenteros, first party secretary at that level. The report included aspects of the party's internal affairs and the economic growth achieved as well as the joy of the communists of Ciego De Avila for having been selected host city of the main event marking the 26 July anniversary. The delegates to the provincial assembly and the nominees for membership in the provincial committee were elected during the meeting. Also elected were the delegates to the second party congress. The objectives for the next phase were discussed and approved. [Text] [FL150119 Havana Domestic Television Service in Spanish 0000 GMT 15 Jul 80]

CIENFUEGOS PARTY MEETINGS--Cienfuegos Province has concluded the process which began on 7 July in preparation for the 2d party congress, with the evaluation, election and/or reelection assembly held in Cienfuegos Municipality. This last meeting was chaired by secretariat member Jorge Risquet Valdes. [Havana Domestic Television Service in Spanish 1700 GMT 15 Jul 80 FL]

FAR SCHOOLS' GRADUATION--Jose Ramon Fernandez, member of the Central Committee, vice president of the Council of Ministers and minister of Education gave the closing speech this morning at the New Revolutionary Armed Forces (FAR) officers' graduation held on Revolution Square. This graduating class, called 27th Anniversary of the Moncada Barracks Assault, is made up of students from the Gen Antonio Maceo Interservice School, the FAR's Camilo Cienfuegos Artillery School, the Military Technical Institute and (?the Academies) of the Revolutionary Navy and Merchant Marine. The graduation was presided over by Commander of the Revolution Ramiro Valdes, minister of the Interior. It opened with the reading of greetings and orders from the FAR Minister, Army Gen Raul Castro. A message from the Jose Marti Pioneers Organization was read, following the swearing-in of the new officers. [Text] [FL171449 Havana Domestic Service in Spanish 1432 GMT 17 Jul 80]

CSO: 3010

RADIO COMMENTARY DEFENDS FREEDOM OF EXPRESSION

PA152248 San Salvador La Voz Panamericana in Spanish 1425 GMT 14 Jul 80

[Station commentary: "Attacks on Freedom of Expression"]

[Text] Freedom of opinion, freedom of expression and freedom of press are basic rights of man, recognized by all nations of the civilized world. When a newspaperman tries to serve the truth, he is fulfilling not only a profession but an important social service in the construction of a better fatherland.

In addition, however, he serves a divine vocation: Being witness to truth. Christ said in the presence of Pilate: I have come to bear witness unto the truth. In society, there will always be many Pilates who avoid knowing the truth because they love lying. Unfortunately, lying and the violent repression of the peoples have gone hand-in-hand throughout history. Violent repression and the committing of lies mutually reinforce each other.

These facts become more evident when as a result of the growing violent repression in our country. Measures are adopted to restrict the freedom of expression and lying and deceit become tiresome and unbearable.

In addition to all the above, violence is being used against people--and their means of expression--who are determined to speak the truth about what is happening. For example: This station, YSAX, was dynamited and is enduring interference and continual threats; the Central American University editorial shop was dynamited; the newspaper LA CRONICA was dynamited; the newspaper EL INDEPENDIENTE was dynamited and an attempt has been made against the life of its director and owner; newspaperman Rene Mauricio (Tampken) Aparicio has been captured and is still missing; and Monsignor Romero, a world reknown spokesman of the truth, was murdered. Recently two newspapermen, Jaime Americo Suarez and Cesar Najarro, were murdered and this has been condemned nationally and internationally because it is barbaric and represents an attack against freedom of expression.

Truth is feared by those who love injustice, prophets die for the truth. We know that lying and injustice do not have the last word and that the blood of the martyrs of journalistic truth and the abuse against truth, persons and the means of communication will open new horizons to a free fatherland and give encouragement to those who continue in search of the truth through their journalistic efforts in order to create a better fatherland.

CSO: 3010

# AIR FORCE REPORTEDLY BOMBS POPULATED AREAS

PA070138 Havana International Service in Spanish 0000 GMT 7 Jul 80

["Our America" commentary]

[Text] Guatemala's Armed Peoples Revolutionary Organization (ORPA) reported on Wednesday that the Guatemalan Air Force has continued to bomb densely populated areas in San Marcos, Solola and El Quiche departments. The organization also reported that armed helicopters and Swiss-made planes are participating in these actions which constitute veritable war crimes.

Just 24 hours before ORPA made the charge, Gen Romeo Lucas Garcia, the chief of that Central American country's regime, had addressed Congress. There the tyrant announced that his government would act sternly against what he termed communist subversion. We will severely punish outlaws and those who foster violence in the nation's territory, he added.

In the opinion of the Guatemalan tyrant and his clique, those who have become outlaws and foster violence in Guatemala are the workers, the peasants, the students and all the patriots who protest and oppose the genocidal action that has been carried out in that Central American country for more than 25 years by treacherous soldiers like Garcia himself, unconditional servants of U.S. imperialism.

If Romeo Lucas Garcia were to punish the persons actually responsible for the violence in Guatemala, he would have to begin by punishing himself, his agents of repression, the paramilitary terrorist groups and his predecessors in the government, who jointly have murdered close to 100,000 Guatemalans.

For years, the clique of generals headed by Romeo Lucas Garcia has been conducting a genocidal policy against the people of Guatemala who struggle against official repression, political murders, the lack of liberty and imperialist domination.

The violence in Guatemala is being fostered by Gen Lucas Garcia and U.S. imperialism by closing all possible peaceful means for the people to exercise their democratic rights.

For purely demagogic reasons, the Romeo Lucas Garcia regime proposed a so-called democratic opening. But this opening began with the murder of Alberto Fuentes Mohr and Manuel Colon Argueta, top leaders of the legal opposition parties. He promised respect for labor activities, but he persecutes, jails or murders the workers and their leaders who demand their rights.

The regime of Gen Lucas Garcia practices the most brutal and reactionary violence by murdering thousands of workers, peasants and students and then throwing their bodies on any road or street; by indiscriminately bombing large peasant areas, destroying homes, crops and human lives; by assaulting and setting fire to the Spanish Embassy in Guatemala City and killing dozens of peaceful peasants who were there; by organizing and arming the criminal paramilitary bands which have thousands of political killings to their credit.

Gen Romeo Lucas Garcia can be sure that sooner or later, the persons responsible for violence in Guatemala will be punished. They will be punished by the people, whose heroic struggle despite the brutal repression unleashed by the tyranny will achieve victory.

CSG: 3018



## BRIEFS

SUPPORT FOR ADMINISTRATION CLAIM--Maj Rolando Archila Marroquin, public relations under secretary of the presidency, has discussed the various demonstrations staged throughout the country with the spontaneous and mass turnout of the people. He said this is indicative of the support that President Lucas' administration enjoys throughout the country. He added that these nationwide demonstrations indicate that Guatemalans do not want to lose their freedom to alien (enslaving) regimes. This is how the spontaneous people's support is construed. He said that the thousands of demonstrators who have marched through various cities are ready to fight to retain their freedom. This is what their attitude shows. He said that the demonstrations of support for the government indicate that we do not want Guatemala to become another Cuba and that the support is intended both for President Lucas' administration and the national army. [Text] [PA051414 Guatemala City Domestic Service in Spanish 0030 GMT 5 Jul 80]

CSO: 3010

## ROLE OF U.S. IN DOMESTIC AFFAIRS NOTED

San Pedro Sula LA PRENSA in Spanish 25 Jun 80 p 7

[Article by Francisco Jose Duron: "Does the U.S. Intervene in Our Affairs?"]

[Text] Anyone would say there is no reason to ask this question because the answer is obvious. From the time of our independence to the present, for one reason or another the Government of the United States of America has always intervened in our affairs, especially those involving our foreign policy. We can cite, for example, the Monroe Doctrine of 1823, which, although it may appear obsolete, is still applied whenever the situation calls for it.

To be under the illusion that each country of the hemisphere is free to do whatever it wishes, without commitments of any kind that affect its relations with its neighbors, is simply ignoring reality. For this is what confronts us when we try to solve our economic, social and political problems which necessarily require the aid or advice of the superpower that now rules the destinies of the civilized world.

These considerations are brought up in the context of our ancient dispute of boundary differences with El Salvador. We have argued in various ways for almost 100 years for what we call our territorial rights, based on the Doctrine of the Cuius Prodestis Juris of 1821, that is, the boundary of the Province of Honduras at the time of its independence, a doctrine that is universally recognized as valid, especially by the Monroe Doctrine of 1823, as evidenced by the decision of the Swiss Federation of 24 March 1822, in a boundary dispute between Colombia and Venezuela.

The communications media talk today about a new doctrine, if we could call it that, known as the Negotiation Doctrine, in view of the categorical refusal of the governments of El Salvador to air this dispute with the arbitrator chosen by the big powers or the International Court at The Hague. The danger of this is that no one can negotiate on something that does not belong to him, much less on the territorial integrity of a nation.

Under an able, honest, and experienced international lawyer, our Foreign Ministry has declared to the Honduran people: "If this were a case of saving

to take our 'lessons' to the International Court to be solved, we would be well prepared to make good use of all the documentation, whether colonial or republican, that favors us." Obviously, El Salvador will have its own. This official position contradicts what some newspapers say to the effect that "it is necessary to negotiate to reach realistic conclusions." Such comments, made without thought of the consequences, can only bring discord among Hondurans at a time when, to all appearances, we need the rocklike unity of the entire nation.

In our opinion, what is lacking is to verify whether the Government of El Salvador, which is passing through the most serious situation in its democratic history, is really ready to go before the International Court in The Hague. Because no peace treaty can be signed without first resolving the boundary problem, as we all know. And the Central American political situation is becoming more complicated every day. We have reached the point of writing on "the Vietnam of Central America" to accurately describe what is happening.

Given this situation, we must ask what should the United States do to help us live in peace?

The answer leaps to our lips: "Recommend that the two governments, of Honduras and El Salvador go to The Hague like brothers to put an end to this dispute that has only caused and can only cause us problems. With the two governments submitting themselves to the International Court "to make good use of our documentation," as our illustrious foreign minister put it so well, the remainder of the accords to be signed (immigration, highways) will be resolved favorably.

A serious recommendation to this effect from the White House in the usual diplomatic language, "My government would look with favor," would be an open sesame for Hondurans and Salvadorans who want to live in peace and work for the prosperity of two peoples who, without doubt, have the same roots. That recommendation could not be ignored.

YULS  
LSD: 1010

## UN SHOULD HELP COPE WITH SALVADORAN REFUGEES

PA012029 Tegucigalpa Domestic Service in Spanish 1130 GMT 1 Jul 80

[Station commentary]

[Text] According to correspondent Jose (Wilman) Torres, the mass arrival of Salvadorans in Lempira Department has continued. It is no longer a case of arrivals in Guaritas Community, which has caused so much talk among government (?critics). According to the correspondent the communities of Olocingo, La Vecnina, La Virtud and Virginia continue receiving Salvadoran families who have fled their country. He adds that most of these families are poor, although some have already bought houses here in Honduras.

But, according to the correspondent, the most pathetic aspect is the fact that life at the border is cold, hard and marked by much tension, particularly now that epidemics are uncontrollably affecting all residents in the area. The situation created in that area is very serious and forces both the government and society in general to assume big responsibilities and incur large expenses for which they were not prepared. Epidemics have already been reported and the health authorities have had to make an extraordinary effort to aid both our people and the immigrants.

Another anguishing aspect must also be kept in mind: The food for the hundreds of needy Salvadorans who every day flee the wave of terror. The Lempira zone has never been a prosperous region; on the contrary, it has always been quite poor. Things became even more complicated there in the wake of the war that El Salvador provoked in 1969. Since then the local residents have remained in a permanent state of alarm and distrust, which is not the most suitable climate in which to be engaged in productive activities.

The special envoy of the UN high commissioner for refugees (words indistinct) has come from Costa Rica to inspect the problems created by the Salvadoran exodus. According to his own statement for the press, he has been able to confirm that there are more than 1,500 refugees in Guarita

and that there is a similar number in La Estancia. These people, he said, have no food even though they are engaged in agricultural activities alongside the Honduran families. The problem is that the Honduran families in that area do not have enough food to share. As can easily be appreciated from this statement the most critical (aspect) of the tragedy is the fact that the sectors most affected by the exodus are extremely poor and the humanitarian good will of Hondurans is not enough to feed the refugees.

The UN delegate has affirmed that his institution will contribute economically to the support of these refugees. Is that enough? Perhaps for some time. It would be ideal if the refugees could return safely in the least possible time and the United Nations would help them till then. The United Nations cannot ignore the fact that the situation is uniquely complex and that despite the human rights policy, special circumstances exist in the case of Honduras under which humanitarian practices cannot sacrifice or even question our sovereign rights.

As a result of the 1969 armed conflict Honduras is still in a virtual state of war with El Salvador. Diplomatic relations exist only in terms of the negotiations currently underway for a general peace agreement. There is still the possibility that border conflicts might occur, as these have been kept relatively under control by the presence of OAS military observers on both sides of the border.

Honduras does not refuse to understand the drama of Salvadorans fleeing their country to save their lives, but it must first of all watch that its problems with the neighboring country are not complicated any further. We Hondurans cannot remain indifferent to the (word indistinct) fact that the Salvadoran Government can perhaps curb violence to a certain extent through the mass exodus of alleged enemies, but that it is achieving this by creating burdens and problems for Hondurans. This is neither just nor suitable for us. For reasons and as a result of consequences in which Honduras has had no part, we are now being forced not only to make the economic sacrifices imposed on us by the presence of the so-called refugees, but also to maintain strict vigilance along the borders with Nicaragua and El Salvador. We must, so to speak, (words indistinct) of these neighboring countries and keep the migrants coming in from those countries from harassing them from our territory.

It is, therefore, fundamental to understand that if we want to maintain domestic peace and live at peace with our neighboring countries we must stop irresponsibly absorbing political refugees.

UN efforts should not be limited to Honduras. We already have enough problems of our own, now made more acute by the presence of more than 3,000 Salvadoran fugitives and over 5,000 Nicaraguan fugitives. It would be good if the United Nations tried to distribute the exodus among the 100 or so nations that comprise it, preferably among those most

distant from this area. And what about our OAS and its human rights policy? Well, it should simply try to find a just and objective formula aimed at strengthening peace in the convulsed Central American and Caribbean enclave, a wise, rational and balanced formula that resolves each country's political problems and which, with regard to the specific case currently under discussion, does not interfere with the formula for peace, freedom, coexistence and democracy that the Honduran people are currently working on.

CSO: 3010



COMMENTARY SEES LACK OF SUPPORT FOR FATHERLAND

PA112020 Tegucigalpa Domestic Service in Spanish 0400 GMT 11 Jul 80

[Station commentary]

[Excerpt] The Honduran people have enjoyed a climate of peace, calm and effective progress ever since the government of the armed forces took power. With political skill, the government has managed to overcome all obstacles and to lead our people through the chaos and violence prevailing in Central America. However, our people are now alarmed at the turn of events as reflected by the growing speculation in the press.

For our part, we believe that Honduran citizens who--organized in political parties--have demonstrated an enviable civic spirit when they went to the polls on April 20, will never accept a distortion of the civic process which has and still continues to bring worldwide repercussions because of the situation prevailing in Central America.

There is a similar situation in all other groups which actively participated in the election one way or the other. All of them--men and institutions--were conscious of the fact that the election was being held to elect a constituent assembly and not to do anything else. They never imagined all of the problems that would result when vested interests and ambitions--which had been kept dormant but were still latent--were given free rein.

It is as if nobody were thinking at this time of how to serve Honduras, forgetting that the fatherland is eternal while men's blunders are fleeting though sometimes extremely harmful.

The military government can assert with profound satisfaction that it has upheld the interests of the fatherland and of all Honduras during its administration and that its work is firmly and lastingly reflected in the various agencies and bodies which, after recovering the wealth belonging to the nation, have returned full sovereignty over natural resources to Honduras and projected the nation's image in a positive way at the international level.

It is true that regrettable errors which have crossed over our borders have been committed. However, they cannot be attributed to the armed forces in any way.

Bearing the foregoing in mind, it is to be hoped that the patriotism of all Hondurans will prevail over the passing ambitions of some mistaken fellow countrymen, who must not forget that our country ranks above everything else.

CSO: 3010

COMMENTARY CRITICIZES CLERGYMEN'S ACCUSATIONS

PA281900 Tegucigalpa Domestic Service in Spanish 1145 GMT 28 Jun 80

["Our Commentary"]

[Excerpts] For some time press correspondents accredited to El Salvador have been reporting on the general and definitive offensive of the leftist forces against the Salvadoran Government. The military operation was specifically announced for these particular days.

We would not concern ourselves with this highly publicized checkmate were it not for the fact that efforts are being made to involve Honduras in the events which are taking or could take place there. We do not know if the large-scale war has actually occurred or not. What we do know is that some operations are underway to get Honduras involved in the situation. We refer to the great campaign of slander and lies that has been unleashed lately to involve us in matters which are the exclusive concern of Salvadorans and with which we have nothing and want nothing to do.

However repugnant this may be, the fact that our country is the target of accusations and attacks should come as no surprise to anyone. Our climate of peace and our process of democratic institutional reorganization as well as the position of neutrality and nonintervention we have adopted in regard to the political violence in some Central American nations are, to a certain extent, an obstacle to the strategy of complete domination being implemented from power centers which are so well known that we do not need to identify them.

The campaign of lies against Honduras is advisable in order to carry out these expansion plans, as is the psychological war depicting us as involved with one of the warring sides. Previously it was some local priests who, with extraordinary audacity, blatantly accused the Honduran Army of being involved in the massacre of 600 Salvadorans presumably perpetrated in the proximity of the Sumpul River. Now a Salvadoran priest has become a sounding board in Costa Rica to discredit us by hurling new and imaginary charges at the Honduran Army.

As one can easily see, the propaganda cannot be clearer. The revolutionary guerrillas are (?wonderful) people who do not announce or (?commit) massacres. The perpetrators of the massacres are the others, including the Honduran Army, which have had and want a part in this problem.

What is sad and regrettable is the fact that Honduran priests are endorsing these reckless accusations with their signatures, serving as pawns in the chess game of this serious conspiracy against their fatherland and melodramatically trying to create a conflict between the church and state. No one in this country is interested in adding fuel to the tragic fire in the two neighboring countries. No one except a few inexplicably misguided priests could [wish] to create problems for Hondurans who only seek to live and work in peace, consolidate their democratic institutions and love and serve God without whimsical or accommodating interpretations.

CSO: 3010

ANTICOMMUNIST GROUP THREATENS PROFESSORS, STUDENTS

PA270350 San Pedro Sula EL TIEMPO in Spanish 21 Jun 80 p 2

[Text] Written death threats have been received in the past few days by professors, students and workers of the National Autonomous University of Honduras (UNAH) from an anticommunist squad identified by the letters EAAE.

A report to this effect was presented by Mario Rivera, president of the Honduran University Students Federation (FEUH), who gave TIEMPO reporters copies of some of these threats. The threats are described as warnings and are numbered in the order in which they were received.

The first of the two which were turned over to TIEMPO is addressed to "Honduran Communist Agents" and states: "You see what happened to G.S." (initials of assassinated lawyer Gerardo Salinas). Below this, and above the signature "EAAE" is the following threat: "We are watching your movements."

The FEUH president said that at first the threats were taken as a joke because only two were received, one each by professors from Chile and Argentina, but they were subsequently received by Hondurans, to the point of including peasant and labor leaders of the country.

Ultimatum

In "warning No 5" addressed to a "South American communist agent," the threatening letter urges a UNAH professor--whose name was not revealed for obvious reasons--to leave the country no later than 1 July.

"We are giving you until 1 July 1980 to leave Honduras with your entire family (you saw what happened to G.S.). We are watching your movements," the letter said.

According to other persons who have received these threats, the messages come in envelopes with the name of the addressee typed on through carbon paper.

They explained that the purpose of this is to prevent type comparisons to identify the brand of the typewriters used and determine how old they might be.

So far university authorities had tried to keep the matter secret in order to pursue direct investigations to locate the senders, but they have no clues so far.

Some FEUH leaders have speculated as to the meaning of the letters "EAAE," but nothing definite is known about the mysterious abbreviation.

CSO: 3010

## HONDURAS

### BRIEFS

**AMBASSADOR TO EGYPT**--Manuel Luna Mejia, Honduran ambassador to Egypt, presented his credentials to President Muhammad Ahmad Anwar as-Sadat recently. [PA130313 San Salvador Radio Cadena YSKL in Spanish 1755 GMT 10 Jul 80]

**NEW IRRIGATION SYSTEM**--The Agriculture Ministry has announced plans to build a new irrigation system this year to serve those areas affected by the drought. The system, according to the ministry announcement, will consist of an artificial (?lake) from which water will be distributed through various aqueducts to the desired areas. [PA130313 Tegucigalpa Domestic Service in Spanish 1130 GMT 12 Jul 80]

CSO: 3010



## NICARAGUA

### PSCN HEAD DISCUSSES 'COMMUNITARIAN SOCIALISM'

Nicaragua LA PUNSA in Spanish 18 Jun 80 p 7

[Text] Latin American christian democracy has been bitterly criticized for planning the large-scale takeover of political power in various countries in central and South America.

To start these criticisms, the extreme left's observers and critics point out that the christian democratic leaders are preparing "something big," after the meeting they held in Washington at a high-level gathering under the auspices of the Konrad Adenauer Fund and in direct contact with the United States Department of State.

In Central America, the christian democrats have great influence and are one of the alternatives which the agonizing political scene offers after the takeover of power by the FSLN [Sandinist National Liberation Front] as the vanguard of the people and the Junta of the Salvadoran Government in which social christians supported by the Venezuelan Government are taking part.

Meanwhile in Nicaragua, the social christian activists guided by a doctrine of communitarian socialism are accepting the challenge of the Nicaraguan situation and the guidelines of a pluralist government, where respect for human rights and freedom of the press with real free speech must exist.

Augustin Jaraquin, the secretary general of the PSCN [Nicaraguan Social Christian Party] says about these points:

Christian democracy definitely is an alternative for the solution of the economic and political problems, which occur in Nicaragua, like any other place in the world.

In this type of political action, christian democracy also has its adversaries who are persons who believe like the Marxist leftists that the labor doctrine will meet their needs.

Agustin Jarquin says that because of the fact that it is a genuine and real alternative, we believe that the christian democracy which we support leads us to man's liberation, which not only satisfies our spiritual, but also our material needs.

Jarquin continued that these are the reasons why christian democracy is the subject of criticisms and the certain target of so many attacks.

"Well now, regarding christian democracy's participation in a meeting which it organized in Washington, I believe that there has been malicious intent and news management, and now one wants to present it in a light which is very far from the truth.

"We have to point out that the members of the Government Junta went to the United States a few days ago and their position is still tenable and we are convinced that going to hold talks with the United States is not a sellout.

"The same thing is happening now with we social christians who participated or went to the United States for a public meeting, to seek a solution for Latin American problems in general, and to view each case or country in particular.

"Regarding the supposed ambition which they ascribe to us of taking over power, we believe that the system which we advocate, 'communitarian socialism,' meets the needs of persons and peoples and therefore we want this system to be put in practice.

"When we speak of an ambition Agustin Jarquin declares, "we must understand it, as genuinely just and honest. We would be foolish if we were talking about a trade union or association organization. We organize as a political party to achieve a goal of attaining power.

Question: What is the difference between "communitarian socialism" and "socialism in general?"

The FICN secretary general answers that I believe you are referring to what Comrade Schelo (Alfonso) points out. We definitely have differences. Not in the somewhat economic

aspect, but in any case, we have corresponding views about Nicaragua. We have similarities regarding what we want here in Nicaragua, that is the rule of democracy, the reign of a system of freedom and we believe that this is a joint struggle for both.

We believe that the political differences must continue to be overcome in this difficult stage, including disagreements with other political groups, for example with Marxist groups, with the Sandinist Front, and other groups which appear.

For unity is definitely necessary to consolidate our process. Likewise we hope that the needs of the Nicaraguans will be understood in this revolutionary and pluralist process, either through the Council of State or in productive circles.

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CBO: 1010

## NICARAGUA

PSLN, NOT JRG SAID TO BE RUNNING NICARAGUA

Managua LA PRENSA in Spanish 23 Jun 80 p. 2

[Article by Mario Alfaro Alvarado: "Who Exercises Power in Nicaragua?"]

Who really exercises power in Nicaragua? A correct answer could be legally the JRG [Revolutionary Junta of Government], although anyone knows the Sandinist Front is behind it.

In such a case, do we have a two-headed government or does the PSLN [Sandinist National Liberation Front] govern through the junta and is the latter an instrument of the former?

In fact the junta actually governs, but the PSLN exercises the real power in Nicaragua.

The report drawn up by the mission of the Socialist International which visited Managua from 5 to 7 August 1979 asserts it accordingly. It declares in a section of the said report: "The PSLN is the real power in Nicaragua by virtue of its victorious armed struggle against the Somoza dictatorship."

The governing role of the Junta of Government is well defined in paragraph b) subhead 1.2 of the government platform issued on 9 July 1979 which says specifically that: "the state's executive and administrative responsibility will rest with the Junta of National Reconstruction..."

And Article 9 of the Constitution declares that, "the state authorities will be the Junta of Government, the Council of State and the courts of justice."

None of the documents defines the status of the PSLN, which has proclaimed itself the vanguard of the Nicaraguan people--and has been accepted as such.

Vanguard means "part of an armed force which goes before the main body." This lexicographic definition fits perfectly the role which the PSLS played during the revolution. But how can we define the role of the PSLS vanguard in the revolutionary process which began after the revolution? In this case it would be necessary to seek the explanation elsewhere.

Lenin conceived the party which he led as a vanguard of struggle, as the revolutionary element which had to lead the masses of the people to destroy the power of the Czars, and later for the takeover of power by the Soviets. "All power to the Soviets" was the watchword of the October Revolution.

The introduction of the USSR Constitution declares that "having fulfilled the tasks of the dictatorship of the proletariat, the Soviet State has become a state of all the people. The leading role of the communist party, the vanguard of all the people, has increased."

Does the above mean that the Soviet Communist Party had to first fulfill "the assignments of the dictatorship of the proletariat" to become "the vanguard of all the people," as the Soviet Constitution says?

Is it dialectically imperative that for a revolutionary vanguard to become "a vanguard of all the people," it must first fulfill "the assignments of the dictatorship of the proletariat?"

None of this is connected with the Nicaraguan revolutionary process, however much one talks about the people and its vanguard. Since it already has been proclaimed in every way that the Nicaraguan revolution does not resemble any other.

Dr Arturo Cruz expressed his point of view about the type of government which Nicaragua has recently on Monday, 14 May, in an interview with LA PRENSA. He said in answer to a question: "First I am a firm believer that all government has to be the result of an expression of will which originates in the minds of the people themselves. By this I mean that it has to be the result of a popular election."

"For all the two things which you point out, ideological pluralism and unlimited freedom of the press, are indispensable premises for this revolution to have a truly democratic character."

"Neither do I have any illusions that the Junta of Government is the supreme organ of public administration, the executive power. I cannot ignore the fact that the vanguard of the revolution, that is the FSLN National Executive Committee, is also the source of power in this political situation which the country is experiencing and I respect it."

This part of Dr Cruz' statements describes the political situation which Nicaragua is now involved in. First, are the people with their will freely expressed in honest elections, which will set up the legitimate government which Nicaragua needs to consolidate the revolution. Democracy and unlimited freedom of the press are the necessary conditions for attaining, as soon as possible, this government legitimized by Nicaraguan votes. And finally, the provisional status of the present government is reflected in the fact that the real power behind the Junta of Government is based in the Sandinist Front.

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CSG: 3010



PSC CLAIMS OWNERSHIP OF 'LA PRENSA' ITEM ON POLICE

[PA112140 Managua LA PRENSA in Spanish 5 Jul 80 p 9]

[Text] Yesterday we received the following ~~communique~~:

The Nicaraguan Social Christian Party [PSC], concerned that the truth be known concerning a ~~communique~~ issued by the State Council which labeled a PSC article published in the newspaper LA PRENSA concerning the recent police operations as false, believes it is absolutely necessary to make the following statements:

1. Although it is true that the ~~communique~~ issued by the secretariat of the State Council on 3 July is correct in that what was said by our council delegate regarding recent police operations does not coincide exactly with the item published by LA PRENSA yesterday, we affirm that the document which was in part published by LA PRENSA is in fact a PSC document, for which we accept full responsibility, and LA PRENSA did not add one ~~comma~~ to it. Even the statement on the front page headline concerning the publication of a list of innocent persons is considered by us necessary to reestablish the honor of those unjustly arrested.

2. The document in question and others which our delegate carried into the council session on 2 July were the basis for the discussion on police operations over the last few days in the neglected districts. According to instructions from the party commission which advises our delegate they should have been used gradually depending on the tendency or direction which the discussion would take. We did not read the full text of the document in question or the others because the concern of our delegate quickly gained support in the State Council and it was agreed to ask the Interior Ministry for a justification of the methods of the operations in question.

3. What really caused the present situation was that the party's communications secretariat assumed to ~~for~~ the reproduction of the article our delegate would read it, distribute it among the delegates of the State Council and turn it over--because it is his job--to the communications media including the newspaper LA PRENSA, BARRICADA and NUEVO DIARIO.

Therefore, we emphatically state:

1. That LA PRENSA objectively and truthfully published only part of the document which is in fact all ours. Therefore LA PRENSA does not deserve the accusations made against it.
2. The PSC is concerned because this fact has been used in connection with others to attack LA PRENSA, thereby promoting negative tensions in our revolutionary process.
3. With its customary honesty the PSC assumes responsibility for having delivered the document which was not read completely in the State Council. This was an involuntary error which we will try to prevent in the future.

Nicaraguan Social Christian Party, Agustin Jarquin Anaya, Secretary General.

CSO: 3010

## BRIEFS

**FIG DENOUNCES ARREST**--Agustin Jarquin Anaya, secretary general of the Social Christian Party [PSC], yesterday told this newspaper that three members of the Leon chapter of the Social Christian Revolutionary Youth had been arrested that morning. One of them, Julio Ramon Montes, was arrested for the third time, Dr Jarquin said. The other two, Secretary General Ali Castillo and militant Arias Monge, were arrested as they were walking in the street. They had been preparing material for a seminar on children's rights. The audiovisual material which Castillo and Monge were carrying at the time of their arrest was confiscated. Up to now the charges against them are unknown, but we consider the arrests illegal, the PSC leader said. As soon as we learned about the incident we took steps to try to obtain their release, Dr Jarquin stated. [Text] [PA102001 Managua LA PRENSA in Spanish 5 Jul 80 pp 1, 12]

**NEW NANICA SHIP**--The Nicaraguan Navigating Company, Inc. [NANICA] has placed the Japanese-built ship Monimbo, recently donated by the Cuban Government, at the service of Nicaragua's industry, agriculture and commerce. The ship's overall cargo capacity is 13,500 tons. Its routes will cover New Orleans, Houston, Corinto, Puerto Sandino and San Juan del Sur. The crew is composed of Cuban and Nicaraguan nationals. The captain is Cuban Hugo Bibar. Traffic manager Roger Montealegre said it is hoped the cargo handled by NANICA will increase once commerce and industry receive the \$75 million loan from the United States. [PA040434 Managua LA PRENSA in Spanish 27 Jun 80 p 9]

**NEW MAGAZINE**--A new monthly international magazine, "YA VEREMOS" has begun circulating with great success. The editor of the Magazine is Angela Saballos, a journalist who worked for a long time with LA PRENSA. Most of the magazine's articles are political and cover both national and international subjects. [PA040434 Managua LA PRENSA in Spanish 29 Jun 80 p 2]

**DISARMED LITERACY WORKERS**--Police official Elvia Rosales has reported that authorities are disarming literacy campaign workers in Leon, particularly in the area from El Sauce to El Jicaral. She said this measure is to prevent any tragedies. The weapons confiscated from the literacy workers will be turned over to their parents or guardians. [PA040434 Managua LA PRENSA in Spanish 29 Jun 80 pp 1, 12]

CSO: 3010

## BRIEFS

SUBVERSIVES ARRESTED, TRIED--Montevideo, 5 Jul (TELAM/AFP)--The Uruguayan Interior Ministry revealed today that five members of a subversive cell in the department of Colonia (180 km west of Montevideo) have been arrested and tried. According to the official communique, the group was engaged in recruiting and political indoctrination of new terrorists and in carrying out propaganda tasks. The cell was discovered by the authorities through the repeated theft of drivers' licenses perpetrated by a municipal employee of this department. According to the official information, these licenses were being sent to Uruguayans connected with subversion currently living abroad. The group has been organizing itself for some time. It is led by Andres Vergara Galeano, 47, who was previously tried for conspiring against the constitution and released in 1979. [Text] [PYO71406 Buenos Aires TELAM in Spanish 1455 GMT 5 Jul 80]

CSO: 3010

# ISRAELI ECONOMIST FORESEES DIM ECONOMIC FUTURE

Caracas RESUMEN in Spanish 29 Jun 80 pp 22-28

[Text] Where Is Venezuela's Economy Headed?

It does not depend on this administration, nor did it depend on the previous one. The question must be viewed from a historical perspective and analyzed with a penetrating and honest look into our consciences in order to get ourselves off the road that is leading us to catastrophe. The FEDECAMARAS [Association of the Chambers of Commerce and Industry] Assembly is a propitious occasion for reflection, and the "report" by Israeli economist Meir Merhav (which the government is keeping secret) is a good starting point.

Future generations of Venezuelans will probably look back on the 36th Annual FEDECAMARAS Assembly, which opened last night in Maracaibo, as one of the most important events in our country's history, because in Maracaibo the delegates will discuss whether we have hopes of overcoming our socioeconomic shortcomings or whether we are doomed to always be an underdeveloped country, propped up by revenue from non-renewable resources that spur the growth of the world's industrialized nations.

In Maracaibo the government will perhaps show whether it is really "the most courageous that Venezuelan democracy has had" (as the minister of the Investment Fund boldly characterized it) or whether it is the most confused and indecisive. So far, the delays in hammering out an economic policy and the open battles among various ministers point to the latter.

The minister of CORDIPLAN [Office of Coordination and Planning], Ricardo Martinez, has stated that the traditional development model no longer squares with national realities, and he promised, furthermore, that the "new" model to be pursued would be contained in the basic guidelines of the Sixth Plan of the Nation, which will be disclosed in Maracaibo.

In any case, what is the "traditional model" of development? When business and labor call for "dialog and coordination" in "planning" Venezuela's socioeconomic growth, what are they really proposing? In order to better understand this article, we ought to clarify the definition of "traditional model." Recent statements by FEDECAMARAS and a number of private sector executives indicate that some businessmen feel that the economy must be developed in an atmosphere of unregulated prices, with high import tariffs and similar "protectionist" measures to discourage "unfair" competition from foreign products.

For its part, the labor movement calls for a "full employment policy," the protection of its buying "power" and work "security," in other words, price controls and subsidies and ongoing wage boosts (mainly through collective bargaining, which in Venezuela is "negotiated" by means of illegal work stoppages and "grass roots" demonstrations, industrial sabotage and the very popular "slowdown operations," all of which are ataged to improve working "conditions").

Of course, both sectors qualify their demands by observing that they should be taken up via the mechanisms of "dialog" and "coordination" in order to spur a democratic socioeconomic growth. In reality, however, what the two sectors are advocating is a continuation of a very bastardized "traditional model" of development, in which the state intervenes everywhere, granting protection and easy credit to business and issuing legislation and decrees that create the illusion of wage increases without demanding a corresponding rise in the productivity of Venezuela labor and without attacking the real causes of low productivity. Unfortunately, both sectors, and even the country's political sector, have forgotten the true definition of the erroneous model that we have unfaithfully followed since 1960.

#### Oil and More Oil

Successive democratic governments have attached priority to investments in physical assets, generally justifying their policies with two basic arguments. The first and most general reason is that we first have to create wealth before distributing it. The second argument (which applies specifically to Venezuela) is that alternatives to oil revenue must be created as soon as possible because one day the oil will run out. This requires a clarification: creating wealth to distribute it is the model followed by developing countries without resources that generate monstrous revenue.

Even though the phenomenon of high oil prices is a recent one, Venezuela's situation has never squared with the supposed development model that our democratic governments have implemented. Prior to 1973, however, low oil prices led us to believe that there was no other option. The world events of 1973-74 revealed the shortcomings



of this model, and even the ministers in C.A. Perez' administration conceded that the "old model" was invalid, asserting in the text of the Fifth Plan that social development would be given priority.

As we know, no such priority was given, and the nation lost a magnificent opportunity that will never come again (in spite of the recent oil price boosts), thus condemning a vast segment of the population to a hopeless marginal existence that could last for another three generations.

Venezuela is at a historical crossroads. It was up to C.A. Perez to nationalize the oil and iron industries. Whether you believe it or not, the decisions that President Herrera Campins will have to make are even more important. Briefly, the government has available two basic options:

(1) It can agree to the demands of business and labor (we will not mention the political opposition because no matter what option is chosen, it will voice its opposition without much thought). If the "traditional model" is reaffirmed, the government will be condemning Venezuela, in the short run, to a continued existence as a country in which the false hope of industrial development is kept alive with oil revenue. The country will eventually become completely dependent on imports, and its domestic output will continue to be inefficient, very expensive and of poor quality.

In the short run, however, this would please both businessmen (because it would bring back their traditional fat profits without demanding efficient, quality production) and workers (who would erroneously think that they are protecting their buying "power"). COPEI [Social Christian Party], of course, would be happy because it would enhance its currently poor chances of getting reelected in 1983 (even with Caldera). Also, it would confirm that President Herrera's campaign and inauguration promises were just empty talk and that contrary to what Minister Diaz Bruzual says, he lacks true "courage."

(2) The government could abandon the traditional model. This would unquestionably cause nationwide turmoil, the danger of which would depend largely on the extent of change that is implemented but also on the effectiveness of the government's propaganda machine (which has so far been incredibly inept and confused, lauding alleged "results" without even explaining the extent of the sacrifices and changes that the new policy requires). As we will see below, the government has, in fact, been announcing its economic policy. The problem is that, on the one hand, the various opinion sectors are not listening to the guidelines because they are radically different from a two-decade-old tradition and on the other hand that political indecisiveness, the contradictory and quarrelsome inconsistencies of the economy ministers and the fact that the government does not know how to begin implementing this policy have further confused the national picture.

What does this second option entail as far as economic policy is concerned?

--Abolishing protectionism by reducing all tariff barriers to a maximum of 20 or 30 percent, which has already been ordered for some imported goods;

--Indexing wages to the cost of living, which has been proposed by Development Minister Manuel Quijada in his much criticized address at Maturin and rejected by labor mainly because it does not understand the significance of the proposal and because Quijada does not know how to explain himself. It also means amending the Labor Law by doing away with the excessive protection given to unproductive workers, although the CTV (Confederation of Venezuelan Workers) is currently trying to legislatively "bolster" the "protection" accorded by this appalling and demagogic law. We will also have to accept that there will always be around five percent unemployment in Venezuela, because this percentage of the population will never be suited to carrying out any distinctly productive activity in an industrial economy, as we will explain later on. This also runs counter to the CTV's current policy of "guaranteeing" full employment;

--Channeling most state investment into "unproductive" activities (we are using FEDECAMARAS terminology, as it is the self-styled "champion" of socioeconomic democracy). This means spending less on investments aimed at creating capital and more on housing, education, nutrition, health care, transportation, electricity, water, etc. This administration is headed in that direction, as its national housing program shows. Nevertheless, the size of the program does not square with the recommendations that we are reproducing word for word. The observation has been made and verified with statistics that the housing program is inadequate and requires further investment;

--Discouraging the development of a number of sectors that do not have and probably will never have a comparative advantage on the international market, such as automobiles and tires;

--Abolishing price controls, acknowledging that in Venezuela they have enhanced the power of the big economic groups. Here, however, the administration has taken a step backwards, mainly because it is afraid of the CTV;

--Eliminating, without exceptions, the traditional system of import permits and exemptions for products not made in Venezuela or not manufactured here in sufficient quantity to meet demand (Minister Quijada has already announced that this "would be implemented");

--Encouraging selective immigration. The new Registry of Aliens is a step in the right direction. However, the Administration is afraid of the CTV in this area too, inasmuch as the labor movement is opposed to importing skilled labor, arguing that they would "steal" domestic jobs.

--Eliminating or putting back on the nationalist barriers that discourage foreign visitors. We are headed, very slowly, in this direction. The Administration has not, however, tried to do away with the arrogant mentality that we do not "need" foreign investors, because this contemptible arrogance permeates in the upper echelons of the current administration.

--Accepting, no matter how painful it might be, that owing to the mistaken model that the country has followed for 20 years, as much as 85 percent of our people (for three generations in the future) will never be able to function efficiently at the mental and physical levels required by an industrial economy, because during their childhood they suffered from such chronic and serious malnutrition that they are plagued with irreversible mental and physical backwardness (What will our Minister for the development of intelligence say?).

Our leaders will have already realized that we are proposing that it is absolutely necessary to abandon the traditional development model that has prevailed since 1960, because despite the vast industrial complex financed entirely with petrodollars, this model has been a failure. The fact is that today we are more dependent than ever on our petroleum revenue, and contrary to what our leaders assert, this dependency is clearly on the rise.

Obviously, however, most of our political, business and labor leaders either do not perceive because of ignorance or refuse to perceive by implicit agreement, the gravity of our far advanced socioeconomic degeneration. In point of fact, if the traditional development model continues, as we install and expand our domestic industrial facilities while neglecting social development, our economic prospects will grow more dimmer.

The government knows that RESUMER speaks the truth, because what we are publishing here are the conclusions of the famous and so far overlooked Merday Report, which was KING, WRO and which was submitted to the Executive Board in February of this year, having remained since then buried in official secrecy.

#### The Merday Report

RESUMER has a copy of the Merday Report. Its conclusions are more than worrisome. In general, the report seriously questions, and times close.

in demonstrating in its entirety the socioeconomic system that we in Venezuela call "democracy." Far from "fixing it," as is done with all studies that are unfavorable to the system, the government should have published the complete text of the Marhav Report, so that the entire country could comprehend the unequal magnitude of the waste and the monstrous bureaucratic fraud of which the Venezuelan people have been the victims.

Marhav validated the conclusions that we will spell out below on the basis of official data furnished by the Venezuelan Government and through extensive interviews both with bureaucrats and the country's business leaders. This Israeli economist limited himself exclusively to an analysis of the industrial sector.

From the outset, Marhav defends the "right of political rulers to be the primary arbiters of economic development and the only ones to make all the decisions in this regard." Although he does not say so in as many words, he implicitly asserts that political rulers have this right because in a democracy they have a responsibility to look out for the interests of all of the country's sectors, while guaranteeing that all decisions square with the just aspirations of the entire population. In other words, no one ought to be hurt by such decisions.

This approach has not, of course, been successful in Venezuela, where the rigid party system limits the involvement of the entire population and facilitated "arrangements" among politicians and economic power groups (the main financiers of our major political parties).

After an in-depth analysis of our socioeconomic system, Marhav comes to the conclusion that "much of this system (the national economy) seems to have been created by two major forces that have supported each other in a symbiotic relationship between the machinery of the state and the interests of the most powerful economic groups."

"...The system offered the means by which existing companies could prevent the entry of competitors, either directly because they are usually asked for their opinion regarding new projects (remember C.A. Perez's famous breakfasts in La Casona with various private sector executives), or indirectly through the political influence of these concentrated groups of economic clout. Moreover, the bureaucracy has traditionally had the belief that industrial development can and should be planned to the last company, product and technological detail."

Marhav states that this approach has led to "a constant search and an ongoing compilation of lists of 'priority industries,' which are gradually lengthened under various pressures until they constitute a compendium of all possible industries, all regarded as priorities and

without any real discriminating judgment based on economic common sense."

The Israeli economist does not hesitate to assert that the current system in Venezuela "must be totally abolished if Venezuela is to achieve sound economic development in the coming years of abundance. There is a place for a negative list of industries that for one reason or another should not be expanded through new companies...The industries on such a list would not receive preferential government financing or tariff protection or any other privilege or advantage provided by the state. It would not mean that the formation of such industries would be prohibited, with a number of exceptions that would have nothing to do with economic considerations...A negative list such as this (which would mean that the creation of any company not on it would be automatically approved and that state incentives and support would be turned out in the specific industry or its products but in compliance with a series of general economic guidelines, such as the cost in dollars of the foreign exchange that is saved) would eliminate the existing discrimination, the bureaucratic red tape involved and the stimulation of monopoly interests."

Barboza harshly criticizes "the permanent controls and the government intervention (that) are the main obstacle today to Venezuela's economic growth." It could be said, somewhat exaggeratedly, that Venezuela is still the sort of economy in which everything is prohibited unless it is expressly permitted. There is a vastly exaggerated faith in the effectiveness of legislation, of planning and of government intervention in general. At the same time there is widespread mistrust of the integrity with which these controls are put into practice, with the result that controls are piled on top of controls, thus making the entire governmental machine extremely slow (and paving the way for special interests in search of political godfathers)."

It is not only the bureaucracy that has this attitude. The public in general, from businessmen to academics, as well as workers and their unions, all expect the government to resolve all of their problems. Businessmen expect the government to finance their investments in native markets created by administrative decisions as to which domestically produced intermediate goods ought to be incorporated into a final product, with the greatest possible protection not only against imports but also against competing domestic manufacturers."

#### Barboza's View of C.A. Perez

Barboza himself has worked with documents prepared by CORDIPLAN in assessing the previous administration. Barboza is pitiless in lashing out against C.A. Perez, asserting that although his administration promised to emphasize social development, "development was, however,

channelled almost exclusively into the expansion of material output and the increasing of the country's oil revenues, in order to bolster the accumulation of private capital. (Wealth has been created. When will it be distributed?) At best, social welfare was placed second in the order of priorities and, in general, only to the extent that it was consistent with the short- and medium-term needs of the machinery of production."

To Merhav, "the pathetic thing... is that the period of the fifth plan coincided with a vast and unexpected influx of wealth from oil revenues... expectations were awakened that the traditional development pattern would be altered and that a new emphasis would be placed on its social facets. Nothing expressed these expectations more clearly than the Fifth Plan of the Nation."

"It was subsequently borne out, however, that the forces that actually shape resource allocation and policy were, within the 'political process,' more powerful than the good intentions of planners."

"The inertia of the existing semi-political structure and of the 'requirements' of the production apparatus made itself felt and prevented most of the projected changes. The result was not just dissipation and frustration at the sociopolitical level. As the traditional development model persisted, it was becoming increasingly dysfunctional in the process of future economic growth itself (this is the real 'Great Venezuela' that C.A. Perez bequeathed to future generations)."

The major victims of this political indifference, Merhav adds, were that vast segment of the Venezuelan population that he describes as "the poverty complex."

Working with data furnished by the Venezuelan Government and institutions such as the World Bank, Merhav arrived at the conclusion that a survey of 194,000 children between the ages of 1 and 11 showed that 46.9 percent of them revealed symptoms of malnutrition. "We are not talking about hunger as such," Merhav explained, "for the most part just an irreversibly impaired physical development that often also extends to mental development." Using physical size versus age as his criterion, Merhav determined that of 487,000 children between 7 and 14 years of age, 34.2 percent were 10-19 percent physically underdeveloped, another 9.3 percent suffered from 20-29 percent physical underdevelopment and 1.3 percent were 30 percent or more below the indicated height and physical development for their age. The study that Merhav was conducted in 1976-1977. Many of these children have since joined the work force.



## Malnutrition: A Sick Country?

According to Berhavi, malnutrition is the main reason "why Venezuelans accuse themselves of being 'lazy.' The biological and nutritional reality is that they have to economize on their physical exertions, and this affects 45 percent of Venezuela's population."

"The current generation of workers," Berhavi goes on to say, "is not suited to the requirements of the modern sort of industrial apparatus that Venezuela is trying to create, not even in terms of their physical capabilities." Berhavi acknowledges that an extremely small percentage of malnutrition is due to a delayed adaptation to the conditions of city life. He underscores, however, that the primary reason is "the grotesque pattern of income distribution."

Data compiled and furnished by the National Institute of Nutrition, Berhavi determined that in 1978 a six-person family had to spend 2,400 bolivars a month to meet minimum daily nutritional requirements. The average income of 2.6 million Venezuelans at that time, however, was 878 bolivars a month. Over the last 12 months the cost of living has risen by more than 22 percent, and our population (including illegal aliens, most of whom are socially deprived) now numbers more than 15 million, according to a number of estimates.

"The evidence is unequivocal," Berhavi asserts. "Almost two-thirds of Venezuela's work force does not earn enough, even when employed, to provide a minimum nutritional standard. A work force such as this... is not suitable for maintaining economic development."

## Prices, Cost of Living, Inflation

The Marxist-Leninist recognizes that boosting wages is one way to alleviate this problem and he therefore recommends indexing wages to the cost of living. He cautions, however, that wage increases alone will not resolve the basic problems of Venezuela's "poverty complex." The real solution is to increase "unproductive" expenditures in order to boost the amount and, even more importantly, to enhance the quality and the efficiency of public services. This task will take generations, not just years, he warns. Meanwhile, and in spite of our small country's enormous working population, there will be serious shortages of hard workers and unskilled manpower that can be overcome only by selectively bringing in foreigners.

Without "driving home deeply" into the inadequacies of our educational system, Berhavi simply cites the official figures of the Education Ministry. "... More than 50 percent of the employed work force had an educational level not exceeding the third grade of primary school, and 14.8 percent of them were illiterate, while another 3.5 percent had no formal schooling."

with regard to health care, Merhav observes that in 1979 "total national expenditures for health care were estimated at 9.6 billion bolívares -- of which about 5 billion were public health care expenditures, including the Venezuelan Social Security Institute. This amount had to meet the medical and health care needs of 90 percent of the population, while the 4.6 billion in private health care expenditures came from the small, higher-income minority."

He would look into those figures a bit more. Assuming that Merhav used the population figures that exclude illegal aliens, they mean that some 12.1 million Venezuelans (assuming a population of 13.4 million) received medical care equivalent to 433.22 bolívares per person. The upper-income minority, however, received individual medical care valued at about 3,384.61 bolívares (and this is called democracy!).

1987, ending

Merhav also questions traditional automotive vehicle policy, which has been devoted to the production of cars instead of buses and other means of public transportation (including a railway system that the entire country urgently needs).

Furthermore, Merhav describes as "insufficient and inadequate" the current administration's national housing program. He observes that although some 800,000 housing units are scheduled to be built during the current government's term of office, annual statistics compiled in 1977 indicate that the official policy will not even meet 10 percent of actual demand. In other words, even if 800,000 units are built, by the end of this administration we will still have a nationwide shortage of more than 800,000 dwellings.

It is obvious from the above that a radical turnaround is needed in Venezuela's development course. Either we begin working now to overcome those serious basic shortcomings, or we should resign ourselves to an underprivileged future, while taking advantage of the present to amass as much money as possible and leaving urgent deficiencies to future generations (if there are any).

Merhav acknowledges his concern, however, because in spite of the current administration's social promises, "neither the introductory version [of the Social Plan] nor the current administration's 1980 budget offer any clear indication of how this 'radical turnaround' in the regression/distribution of income" is to be brought about.

"Public services must be improved to the extent that is being planned, but in addition to the water that is really needed, without raising domestic funds through higher taxes and greater domestic savings. Steps have been taken to start some savings; however, there are no

indications that this administration is actively preparing a bill to amend the Income Tax Law."

Merhav notes that the introduction to the Sixth Plan is fraught with the same mistakes as in the Fifth Plan. "While the CORDIPLAN introduction talks in radical terms of income redistribution and reaffirms the commitments made in connection with social services... it contains an ominous return to the traditional attitudes towards the priorities of industrial development."

The following is the worrisome paragraph, which Merhav quotes in its entirety: "We will reassess the criteria for priorities in current budgetary expenditures, while avoiding superfluous outlays and aiming, rather, at investment, without losing sight of the unavoidable current expenditures that are absolutely necessary in the areas of health care and other socially significant fields."

Merhav states that if social expenditures "are again limited to what is 'absolutely necessary,' there will be no 'radical turnabout'...no change in the traditional pattern of economic development."

"If the real emphasis (due to political considerations) must be placed on investment, which means investment in physical assets," Merhav concludes, "then there is a high degree of likelihood that Venezuela's economic development will gradually diminish, in spite of the vast resources that the country possesses."

"Because the government is preponderant in Venezuela, it must be the one to take the initiative and change these traditional approaches. The change will be painfully slow even if the government consistently promotes it by gradually and systematically reducing its involvement in the private sector. A beginning must be made, however."

The COPEI administration, which has the report, also has power. What will it do?

8743

CSO: 3010

VENEZUELA

OLON WARNS ABOUT USSR, CUBA PLANS FOR CARIBBEAN

PA120318 Caracas Radio Rumbos Network in Spanish 2100 GMT 11 Jul 80

[Report by Ernesto Vega]

[Text] Dr Edecio la Riva, chairman of the Senate Foreign Policy Committee, has charged that the Soviet Union has a strategic plan to blockage [bloquear] the Caribbean area. The Copei Legislator also said that Dr Jose Vicente Rangel is following a personal strategy so that leftist extremism will be victorious in all Central America.

[Begin La Riva recording] I thank God and Jose Vicente Rangel because he is bringing up a subject that could awaken all of the Venezuelans' awareness regarding the very serious things that are occurring in the Caribbean and Central America. The truth is very clear. The Soviet Union has a strategic plan to blockade the Caribbean area, to be able to [word indistinct] and encircle the area. This is part of its struggle against the United States in the world. It is carrying out its strategy to achieve its objectives. Fidel Castro is operating very well in Nicaragua. He is also operating in El Salvador. I do not know if Jose Vicente Rangel is intentionally or unintentionally carrying out his own personal strategy so that leftist extremism will be victorious in all Central America and so that it will also have a better chance to be victorious in Venezuela.

I am extremely surprised that the Venezuelan guerrillas are so calm and that we have not heard anything from them because everyone knows that there have been many guerrilla hold ups so they have millions in reserve. We do not know when they might use those funds in Venezuela.

I do not think there will be a frontal war with Cuba because that is not Cuba or the Soviet Union's style. [words indistinct] what occurred in Nicaragua and El Salvador. They used a popular insurrection system which appears to be nationalistic but behind it are the great strategies drawn up by the Soviet Union and Fidel Castro.

I deeply regret that a Venezuelan like Jose Vicente Rangel consciously or unconsciously plays into the hands of a maneuver that (?will affect) Venezuela with great disasters [words indistinct].

[Question] What do you think Jose Vicente Rangel wants to achieve with his statements?

[Answer] To stop a possible aid from all Latin America to help the democracies of Latin America. [words indistinct] El Salvador is the key element after Nicaragua so Jose Vicente Rangel is consciously or unconsciously helping any [words indistinct] of El Salvador so that it can more easily fall into the hands of Castro Communism.

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